

**COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S
INDIA-CHINA P RP BILATERAL TRADE RELATION**

INTRODUCTION&BRIEF ECONOMIC OVERVIEW

The People’s Republic of China covers a vast area of eastern Asia, with Mongolia and Russia to the north, Tajikistan, Kyrgyzstan and Kazakhstan to the north-west, Afghanistan and Pakistan to the west, and India, Nepal, Bhutan, Myanmar (formerly Burma), Laos and Viet Nam to the south. The country borders the Democratic People’s Republic of Korea in the northeast, and has a long coastline on the Pacific Ocean. China is a member of the United Nations.

2. China officially the People's Republic of China (PRC), is a country in East Asia. With a population exceeding 1.4 billion, it is the second-most populous country after India, representing 17.4% of the world population. China spans the equivalent of five time zones and borders fourteen countries by land.^[1] With an area of nearly 9.6 million square kilometres (3,700,000 sq mi), it is the third-largest country by total land area. The country is divided into 33 province-level divisions: 22 provinces, five autonomous regions, four municipalities, and two semi-autonomous special administrative regions. Beijing is the country's capital, while Shanghai is its most populous city by urban area and largest financial centre. According to IMF Executive Board Concludes 2024 Article IV Consultation with the People’s Republic of China August 2, 2024, China’s economy has remained resilient despite the continued weakness in the property sector, with GDP growing by 5.2 percent in 2023, and 5 percent y/y in the first half of 2024. Growth has been primarily driven by strong public investment and the post-COVID recovery in private consumption, with net exports also providing a boost more recently. However, inflation has been low in recent quarters amid continued economic slack.

A snapshot of China’s selected economic indicators is presented below at [Table 1](#)

China: Selected Economic Indicators 2019–2029											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
						Est.	Projections				
	(Annual percentage change, unless otherwise indicated)										
NATIONAL ACCOUNTS											
Real GDP (base=2015)	6.0	2.2	8.4	3.0	5.2	5.0	4.5	4.1	3.6	3.4	3.3
Total domestic demand	5.3	1.7	6.8	2.8	6.1	4.8	4.6	4.3	3.7	3.5	3.4
Consumption	6.3	-0.3	9.0	2.3	8.0	5.6	4.7	4.2	3.8	3.7	3.6
Fixed investment	5.3	3.4	3.2	3.2	4.9	5.2	4.3	4.4	3.4	3.1	3.1
Net exports (contribution)	0.7	0.6	1.8	0.3	-0.6	0.4	0.0	0.0	0.0	0.0	0.0
Total capital formation (percent of GDP)	43.1	42.9	43.3	43.2	41.6	41.8	41.7	41.8	41.7	41.7	41.6
Gross national saving (percent of GDP) 1/	43.8	44.5	45.3	45.7	43.0	43.4	43.2	43.2	43.1	42.9	42.7
Output gap estimate	-1.0	-4.0	-1.1	-2.8	-2.0	-1.2	-0.5	0.0	0.0	0.0	0.0
LABOR MARKET											

Unemployment rate (year-end) 2/	5.2	5.2	5.1	5.5	5.1	...	...	...	...	...	...
PRICES											
Consumer prices (average)	2.9	2.5	0.9	2.0	0.2	0.7	1.9	2.0	2.0	2.0	2.0
Consumer prices (end of period)	4.5	0.2	1.5	1.8	-0.3	1.5	2.0	2.0	2.0	2.0	2.0
GDP Deflator	2.1	1.3	3.0	2.0	-0.6	0.1	1.8	2.0	2.0	2.0	2.0
FINANCIAL											
7-day repo rate (percent)	3.0	2.7	2.2	2.3	1.9	...	...	...	...	...	...
10 year government bond rate (percent)	3.7	3.2	3.0	3.1	2.8	...	...	...	...	...	...
MACRO-FINANCIAL											
Total social financing	10.7	13.3	10.3	9.6	9.8	8.6	8.5	7.5	7.5	7.5	7.5
In percent of GDP	254	278	274	286	301	310	317	320	326	333	339
Total nonfinancial sector debt 3/	10.8	13.2	10.4	9.7	10.1	8.6	8.7	7.6	7.6	7.6	7.5
In percent of GDP	254	278	275	287	302	312	319	324	330	337	344
Domestic credit to the private sector	8.7	10.8	8.4	8.3	8.4	6.8	7.5	6.0	6.3	6.5	6.6
In percent of GDP	162	173	168	174	180	183	185	185	186	188	190
Household debt (percent of GDP)	55.8	61.6	62.1	62.3	63.7	64.0	63.0	62.7	62.6	62.5	62.4
Non-financial corporate domestic debt (percent of GDP)	106	112	106	112	116	119	122	122	123	125	127
GENERAL BUDGETARY GOVERNMENT (Percent of GDP)											
Net lending/borrowing 4/	-6.1	-9.7	-6.0	-7.5	-7.0	-7.4	-7.6	-7.8	-7.9	-8.1	-8.2
Revenue	28.1	25.7	26.6	26.0	26.6	26.3	26.4	26.6	26.8	27.0	27.0
Additional financing from land sales	2.9	2.5	2.3	1.1	0.9	0.8	0.8	0.8	0.8	0.8	0.8
Expenditure	34.2	35.4	32.7	33.5	33.7	33.7	34.0	34.4	34.7	35.0	35.3
Debt	38.5	45.4	46.9	50.7	56.3	60.5	63.7	67.1	70.9	74.9	79.1
Structural balance	-5.8	-8.6	-5.7	-6.8	-6.5	-7.1	-7.4	-7.8	-7.9	-8.1	-8.2

BALANCE OF PAYMENTS (Percent of GDP)											
Current account balance	0.7	1.7	2.0	2.5	1.4	1.5	1.5	1.4	1.4	1.3	1.2
Trade balance	2.7	3.4	3.2	3.7	3.3	3.5	3.5	3.5	3.5	3.4	3.4
Services balance	-1.8	-1.0	-0.6	-0.5	-1.2	-1.3	-1.4	-1.5	-1.5	-1.6	-1.7
Net international investment position	16.0	15.4	12.3	13.6	16.4	17.2	17.5	17.8	18.1	18.3	18.5
Gross official reserves (billions of U.S. dollars)	3,223	3,357	3,427	3,307	3,450	3,817	4,151	4,259	4,377	4,497	4,619
MEMORANDUM ITEMS											
Nominal GDP (billions of RMB) 5/	99,071	102,563	114,528	120,247	125,798	132,273	140,670	149,413	157,829	166,426	175,317
Augmented debt (percent of GDP) 6/	86.3	98.8	100.8	107.9	116.9	124.0	128.9	133.7	138.7	143.6	148.2
Augmented net lending/borrowing (percent of GDP) 6/	-12.5	-17.0	-12.1	-13.4	-13.0	-13.2	-13.1	-12.9	-12.7	-12.5	-12.2
Change in Augmented Cyclically-Adjusted Primary Balance 7/	-3.1	-2.4	3.6	-0.6	0.1	-0.2	0.1	0.2	0.5	0.6	0.5
Sources: Bloomberg; CEIC Data Company Limited; IMF International Financial Statistics database; and IMF staff estimates and projections.											
1/ 2023 GDP will be revised to match official revisions, once full official data are released.											
2/ Surveyed unemployment rate.											
3/ Includes government funds.											
4/ Adjustments are made to the authorities' fiscal budgetary balances to reflect consolidated general budgetary government balance, including government-managed funds, state-administered SOE funds, adjustment to the stabilization fund, and social security fund.											
5/ Expenditure side nominal GDP.											
6/ The augmented balance expands the perimeter of government to include government-guided funds and the activity of local government financing vehicles (LGFVs).											
7/ In percent of potential GDP.											

Source: IMF Executive Board Concludes 2024 Article IV Consultation with the People's Republic of China August 2, 2024.

FOREIGN TRADE

3. As per recent available inputs on WITS, the five major merchandise export partners of China are United States, Hong Kong China, Japan, Korea Republic and Vietnam. On the other hand five major

import partners of China are other Asia(nes.), Korea Rep, Japan, United States, and Australia. Major five exported goods of China are (i) Transmission apparatus, for radioteleph incorpo (ii) Monolithic integrated circuits, digital (iii) Storage units, whether or not presented with th (iv) Parts and accessories of automatic data process (v) Electric accumulators, nes.. On the other hand major five imported goods (i) Monolithic integrated circuits, digital (ii) Petroleum oils and oils obtained from bituminous (iii) Non-agglomerated iron ores and concentrates (iv) Gold in unwrought forms non-monetary (v) Soya beans.

4. China PR's total exports in 2019 were of the order of US\$ 2,499,207 million and has steeply increased (28.08%) to US\$ 3,316,022 million in 2021 over US\$ 2,589,098 million in 2020 and followed by 8.37% increased in 2022. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 7.84%.

5. China PR's total imports in 2019 were of the order of US\$ 2,079,285 million and has steeply increased by 29.47% in 2021. During the period from 2019 to 2023, the annual average compound rate of growth of Imports was 5.30%.

6. China PR runs an overall Balance of Trade surplus which was quite significant to the tune of USD 822,985 in million 2023.

A snapshot of China's overall Trade Statistics is presented in Table 2 and Figure 1.

A snapshot of India's merchandise trade statistics w.r.t. China is presented in Table 3 Figure 2.

BILATERAL TRADE WITH INDIA

Merchandise Trade

There has been a high level economic and commercial cooperation between India and China PR for substantial numbers of years. Bilateral trade between India and China in FY23 stood at US\$ 113.83 billion against US\$ 115.83 billion in FY22. As of 2022-23, China was India's third-largest trading partner. Bilateral trade between India and China stood at US\$ 136.26 billion in the year 2022 and US\$ 125.62 billion in 2021 with a growth of 8%.

China was the 1st highest trading partner of India in FY 2023-24. Almost 10.64% of India's total volume of trade has been recorded between India and China P RP in FY 2023-24 in Dgcis data base. Indo-China PR total volume of bilateral trade in FY 2019-20 was of the order of US\$ 81,875.07 million. It has increased to US\$ 118,412.06 million in FY 2022-23. The annual compound growth rate of volume of trade during the period from 2018-19 to 2022-24 has been of the order of 9.66%. India's trade relations with China are significant as China has been India's largest source of imports for the past 15 years.

2. It appears from the available figures that between 2019-20 and 2023-24, India has had a deficit Balance of Trade with China PR. Exports from India to China PR increased stupendously in FY 2020-21 by 27.53% over the year 2019-20 and remarkably declined in FY 2022-23 which was -27.90 compare to FY2021-22. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of exports was 0.08%. On the other hand, imports from China PR to India increased by 45.02% over 2020-21 levels. During the period from 2019-20 to 2023-24, the annual average compound rate of growth of Imports was 11.74%.

3. Additionally, from Tables 4 & 5 presented below the following are stated:

- a. (i) Iron Ore (ii) Marine Products and (iii) Petroleum Products had occupied the top three slots in India's exports to China PR. in FY 2023-24. Iron Ore had occupied 21.82% share of India's total exports to China PR. in FY2023-24.
- b. (i) Electronic Components (ii) Computer Hardware Peripherals and (iii) Telecom Instruments were the three major commodities in India's imports list from China PR. In the year 2023-24, India had imported a significant amount of Electronic Components from China PR. with a share of 11.93% of total imports from China PR. recorded in 2023-24.

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TABLE - 2
CHINA PR 'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2019 TO
2023

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	2499207		2079285		45,78,492		419922
2020	2589098	3.60	2069567	-0.47	46,58,665	1.75	519531
2021	3316022	28.08	2679412	29.47	59,95,434	28.69	636610
2022	3593601	8.37	2715998	1.37	63,09,599	5.24	877603
2023	3379748	-5.95	2556763	-5.86	59,36,511	-5.91	822985

Annual Growth Rate	Compound			
	7.84	5.30		6.71

NOTE : Figures relate to calendar year (January to December)

SOURCE: UN COMTRADE PUBLICATION

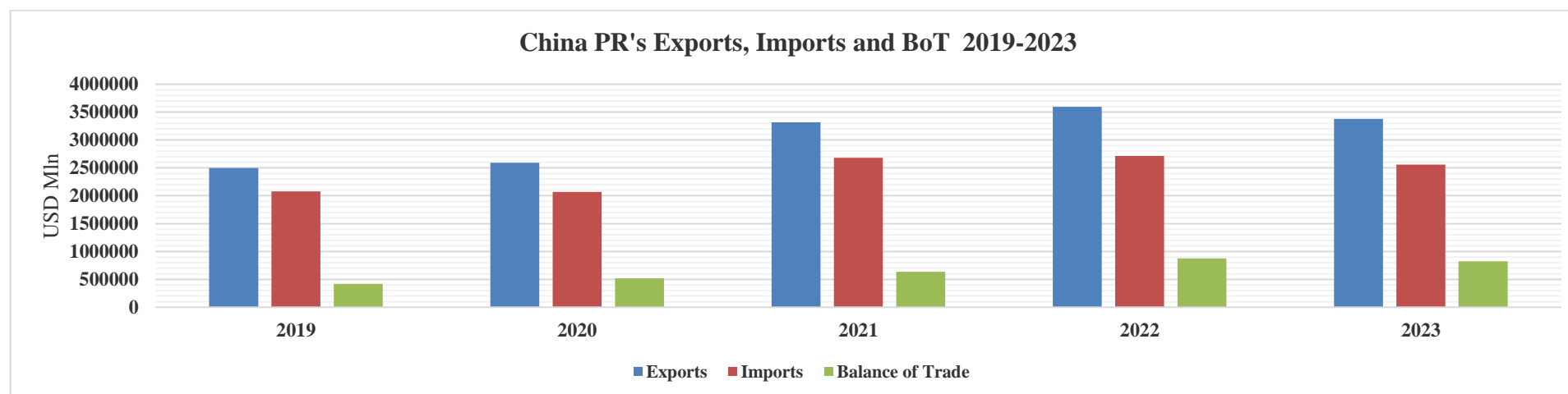


TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. CHINA PR
FY 2019-2020 to 2023-2024

(Value in USD Million)

Year	Exports from India to China PR	Percentage Growth in Exports	Imports from China PR to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019-20	16614.32		65260.75		81875.07		-48646.43
2020-21	21188.07	27.53	65212.25	-0.07	86400.32	5.53	-44024.18
2021-22	21264.40	0.36	94570.57	45.02	115834.97	34.07	-73306.17
2022-23	15331.94	-27.90	98505.77	4.16	113837.71	-1.72	-83173.83
2023-24	16666.52	8.70	101745.54	3.29	118412.06	4.02	-85079.02

Annual Growth Rate **Compound Growth Rate**

0.08 **11.74** **9.66**

NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

Figure 2

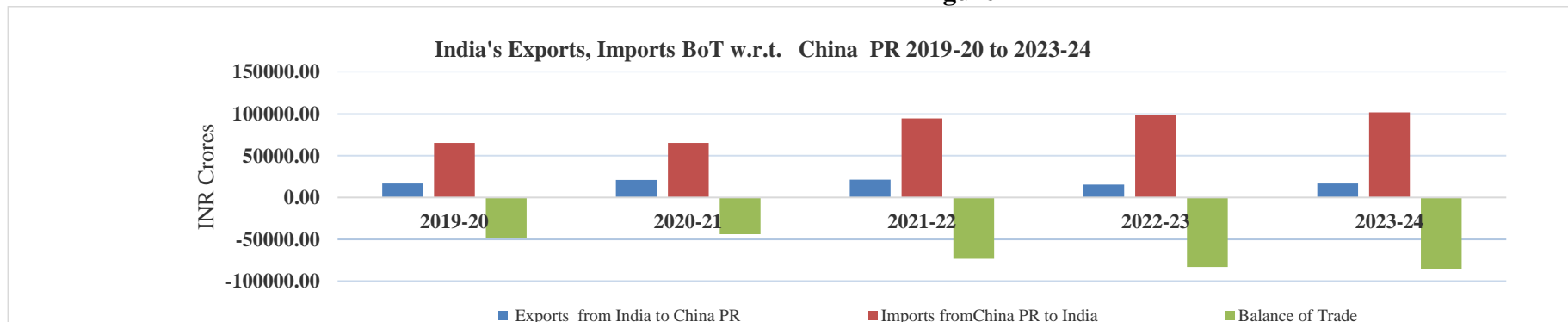


TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO CHINA PR
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Iron Ore	2134.16	4245.45	2485.72	1396.83	3635.94	98.93	-41.45	-43.81	160.30
	Share in total export	12.85	20.04	11.69	9.11	21.82				
2	Marine Products	1345.41	869.93	1124.91	1445.56	1377.75	-35.34	29.31	28.50	-4.69
	Share in total export	8.10	4.11	5.29	9.43	8.27				
3	Petroleum Products	218.05	1043.39	1873.00	1909.57	1165.65	378.51	79.51	1.95	-38.96
	Share in total export	1.31	4.92	8.81	12.45	6.99				
4	Spices	765.60	970.44	891.41	793.41	928.16	26.76	-8.14	-10.99	16.98
	Share in total export	4.61	4.58	4.19	5.17	5.57				
5	Cotton Yarn	586.36	667.92	777.10	208.69	696.62	13.91	16.35	-73.15	233.81
	Share in total export	3.53	3.15	3.65	1.36	4.18				
6	Organic Chemicals	1899.67	1494.44	1468.79	691.69	484.10	-21.33	-1.72	-52.91	-30.01
	Share in total export	11.43	7.05	6.91	4.51	2.90				
7	Human Hair Products Thereoff	183.01	298.12	488.09	403.81	483.60	62.90	63.72	-17.27	19.76
	Share in total export	1.10	1.41	2.30	2.63	2.90				
8	Castor Oil	340.76	424.04	515.97	527.76	479.28	24.44	21.68	2.29	-9.19
	Share in total export	2.05	2.00	2.43	3.44	2.88				
9	Iron And Steel	513.92	2512.55	1412.20	1396.83	455.65	388.90	-43.79	-1.09	-67.38
	Share in total export	3.09	11.86	6.64	9.11	2.73				
10	Resudual Chemical And Allied Products	286.90	354.68	444.07	474.60	408.80	23.62	25.20	6.88	-13.86
	Share in total export	1.73	1.67	2.09	3.10	2.45				
	Total exports to CHINA PR	16614.32	21188.72	21264.40	15331.94	16666.52	27.53	0.36	-27.90	8.70

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM CHINA PR
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Import					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	23-24 over 2022-23
1	Electronic Components	6071.08	6191.32	12929.33	8198.72	12139.87	1.98	108.83	-36.59	48.07
	Share in total import	9.30	9.49	13.67	8.32	11.93				
2	Computer Hardware Peripherals	4192.87	5305.97	8164.45	7254.63	8004.51	26.55	53.87	-11.14	10.34
	Share in total import	6.42	8.14	8.63	7.36	7.87				
3	Telecom Instruments	5648.30	6476.10	6909.56	6815.48	6824.57	14.66	6.69	-1.36	0.13
	Share in total import	8.65	9.93	7.31	6.92	6.71				
4	Indl. Machinery For Dairy Etc.	4012.03	3940.03	5204.14	6278.43	6818.40	-1.79	32.08	20.64	8.60
	Share in total import	6.15	6.04	5.50	6.37	6.70				
5	Organic Chemicals	3223.86	3483.37	5891.19	6443.73	4430.06	8.05	69.12	9.38	-31.25
	Share in total import	4.94	5.34	6.23	6.54	4.35				
6	Residual Chemical And Allied Products	2406.86	2683.67	3477.59	3765.85	4104.10	11.50	29.58	8.29	8.98
	Share in total import	3.69	4.12	3.68	3.82	4.03				
7	Electronic Instruments	2279.54	2669.91	3337.58	3810.18	3967.29	17.12	25.01	14.16	4.12
	Share in total import	3.49	4.09	3.53	3.87	3.90				
8	Electric Machinery and Equipments	2506.30	2269.80	3052.47	3383.81	3404.16	-9.44	34.48	10.85	0.60
	Share in total import	3.84	3.48	3.23	3.44	3.35				
9	Bulk Drugs Drugs Formulations	2323.95	2615.71	3125.79	3180.37	3267.84	12.55	19.50	1.75	2.75
	Share in total import	3.56	4.01	3.31	3.23	3.21				
10	Plastic Raw Materials	1245.01	1160.07	2473.50	3538.13	3229.30	-6.82	113.22	43.04	-8.73
	Share in total import	1.91	1.78	2.62	3.59	3.17				
	Total import from CHINA PR	65260.75	65212.25	94570.57	98505.77	101745.54	-0.07	45.02	4.16	3.29

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I