

# **COUNTRY PROFILE REPORT OF ITJ DIVISION, DGC&S DATED 03-01-2024**

## **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 maintains 17 Free Trade Agreements (FTAs) with its trade and investment partners and is negotiating or implementing an additional eight FTAs. China's FTA partners are ASEAN, Singapore, Pakistan, New Zealand, Chile, Peru, Costa Rica, Iceland, Switzerland, Maldives, Mauritius, Georgia, South Korea, Australia, Cambodia, Hong Kong, and Macao. In addition, in November 2020, China and 14 other countries had signed the Regional Comprehensive Economic Partnership. China announced the ratification of the agreement in early 2021.

2. As per WEO of October, 2023 China GDP at current prices stands at 18.56 thousand Billion USD and China has a Current Account Balance of 250.86 billion USD. As per Article IV Consultations with the People's Republic of China February 2, 2024. "China's economic activity rebounded in 2023 following the post-COVID reopening with real GDP estimated to have grown broadly in line with the authorities' growth target of around 5 percent. The recovery was driven by domestic demand, particularly private consumption, and assisted by supportive macroeconomic policies, including further relaxation of monetary policy, tax relief for firms and households, and fiscal spending on disaster relief. Looking ahead, growth is projected to slow to 4.6 percent in 2024 amid the ongoing weakness in the property sector and subdued external demand".

A snapshot of China's selected economic indicators is presented at **Annexure –I**

### **FOREIGN TRADE**

3. As per WTO-UNCTAD estimates, China remained the top merchandise exporter in 2022 but its share in world exports declined to 14% (from 15% in 2021). As per latest available inputs on WITS (World Integrated Trade Solution), the four major merchandise export partners of China are United States, Hong Kong China, Japan and Korea Republic. On the other hand, four major import partners of China are Korea Rep, Japan, United States, and Australia. Major four exported goods of China are (i) Transmission apparatus, (ii) Monolithic integrated circuits, digital (iii) Storage units and (iv) Parts and accessories of automatic data process. On the other hand, major four imported goods are (i) Monolithic integrated circuits, digital, (ii) Petroleum oils and oils obtained from bituminous, (iii) non-agglomerated iron ores and (iv) Parts and accessories of automatic data process.

4. China PR's total exports in 2018 were of the order of US\$ 2,486,440 million and has scaled up to US\$ 3,593,601 million in 2022. During the period from 2018 to 2022, the annual average compound rate of growth of China's merchandise exports was 9.64%.

5. China PR's total imports in 2018 were of the order of US\$ 2,113,605 million and scaled up to US\$ 2,715,998 million in 2022. During the period from 2018 to 2022, the annual average compound rate of growth of China's merchandise imports was 6.22%.

6. China PR runs an overall Balance of Trade surplus which was quite significant to the tune of US\$ 877603 million in 2022. The BoT surplus has steadily increased during the period under review i.e. 2018 to 2022 catalyzed by spurt in China's merchandise exports immediately post pandemic hit year of 2020.

A snapshot of China PR's overall merchandise Trade Statistics as sourced from UNCOMTRADE is presented in **Annexure-II [Table 1: Figure 1]**

## **BILATERAL TRADE WITH INDIA**

### **Merchandise Trade**

7. In FY 2022-23, India's total exports to China was worth USD 15.31 billion with a resultant share of 3.40% in India's total export value basket and China stood out as India's 4<sup>th</sup> leading export country partner. On the import front, India's total imports from China was as high as USD 98.51 billion with a resultant share of 13.75% in India's total import value basket. China has consistently been India's lead import country partner in FY 2021-22, 2022-23 and the trend continues in FY 2023-24 also (as per available data). Approximately 10% of India's total volume of trade (combining both exports and imports) has been recorded between India and China P RP in FY 2022-23 as per officially disseminated statistics.

8. Indo-China PR total volume of bilateral trade in FY 2018-19 was of the order of US\$ 87,072 million and has increased to US\$ 113,837.71 million in FY 2022-23. The annual compound growth rate of volume of trade during the period from 2018-19 to 2022-23 has been of the order of 6.93%. India's trade relations with China are significant as China has been India's largest source of imports for the past 15 years.

9. It appears from the available figures that between 2018-19 and 2022-23, 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 previous year i.e. 2019-20; however, a sharp fall of almost 28% was recorded in FY 2022-23 vis-à-vis FY 2021-22. On the other hand, imports from China PR to India had increased by a whopping 45.02% in FY 2021-22 vis-à-vis FY 2020-21.

A snapshot of India's trade statistics w.r.t. China PR is presented in **Annexure-II [Table 2: Figure 2]**

10. Additionally, **from Tables 3 & 4 presented at Annexure-II** below the following are stated:

- a. Petroleum Products, Marine Products and Iron Ore occupy the top three slots in India's exports to China PR in the year 2022-23.
- b. Electronic Components, Computer Hardware Peripherals and Telecom Instruments are the three major commodities in India's imports list from China PR in the year 2022-23.

### **“NOTICE”**

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China: Selected Economic Indicators											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Estimated Projections										
	(Annual percentage change, unless otherwise indicated)										
<b>NATIONAL ACCOUNTS</b>											
Real GDP (base=2015)	6.75	6.0	2.2	8.4	3.0	5.4	4.6	4.0	3.8	3.6	3.4
Total domestic demand	7.42	5.3	1.7	6.8	2.7	6.2	5.2	4.1	3.9	3.7	3.5
Consumption	7.91	6.3	-0.3	9.0	2.0	8.4	5.5	4.3	4.1	4.0	3.7
Fixed investment	7.34	5.3	3.4	3.2	3.4	4.8	4.4	4.0	3.6	3.3	3.2
Net exports (contribution)	-0.49	0.7	0.6	1.8	0.4	-0.5	-0.4	0.1	0.0	0.0	0.0
Total capital formation (percent of GDP)	43.96	43.1	42.9	43.3	43.5	42.3	42.1	41.9	41.7	41.6	41.6
Gross national saving (percent of GDP) 1/	44.14	43.8	44.5	45.3	45.7	43.7	43.4	43.1	42.8	42.5	42.3
Output gap estimate	-0.50	-1.0	-3.6	-1.5	-2.8	-1.4	-0.5	-0.2	-0.1	0.0	0.0
<b>LABOR MARKET</b>											
Unemployment rate (year-end) 2/	4.90	5.2	5.2	5.1	5.5	5.2	...	...	...	...	...
<b>PRICES</b>											
Consumer prices (average)	1.93	2.9	2.5	0.9	1.9	0.4	1.3	2.0	2.0	2.0	2.0
Consumer prices (end of period)	1.78	4.5	0.2	1.4	1.8	0.1	1.8	2.0	2.0	2.0	2.0
GDP Deflator		2.1	1.3	3.0	2.2	-1.1	1.5	1.8	1.9	2.0	2.0
<b>FINANCIAL</b>											
7-day repo rate (percent)	4.58	3.0	2.7	2.2	2.3	1.9	...	...	...	...	...
10 year government bond rate (percent)	4.62	3.7	3.2	3.0	3.1	2.8	...	...	...	...	...
<b>MACRO-FINANCIAL</b>											
Total social financing	10.26	10.7	13.3	10.3	9.6	9.3	8.9	7.3	6.9	6.8	6.7
In percent of GDP	247.92	254	278	274	286	300	307	312	315	319	322
Total nonfinancial sector debt 3/	10.79	10.8	13.2	10.4	9.8	9.4	9.2	7.5	7.1	7.0	6.8
In percent of GDP	248.25	254	278	277	284	295	301	305	308	311	312
Domestic credit to the private sector	8.62	8.7	10.8	8.4	8.3	7.7	7.8	5.5	5.1	5.1	5.1
In percent of GDP	161.24	162	173	168	173	179	182	182	180	180	179
Household debt (percent of GDP)	52.30	55.8	61.6	62.1	62.2	63.9	62.8	62.2	62.0	61.9	62.0
Non-financial corporate domestic debt (percent of GDP)	108.94	106	112	106	111	115	119	119	118	118	117
<b>GENERAL BUDGETARY GOVERNMENT (Percent of GDP)</b>											
Net lending/borrowing 4/	-4.28	-6.1	-9.7	-6.0	-7.5	-7.5	-7.4	-7.4	-7.6	-7.8	-8.0
Revenue	28.99	28.1	25.7	26.6	25.9	26.5	26.7	26.8	27.0	27.2	27.3
Additional financing from land sales	2.84	2.9	2.5	2.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Expenditure	33.28	34.2	35.4	32.7	33.4	34.0	34.1	34.2	34.6	34.9	35.3
Debt	36.50	38.5	45.4	46.9	50.6	55.3	58.7	62.1	65.7	69.4	73.4
Structural balance	-4.14	-5.8	-8.8	-5.7	-6.7	-7.1	-7.3	-7.3	-7.6	-7.8	-8.0
<b>BALANCE OF PAYMENTS (Percent of GDP)</b>											
Current account balance	0.17	0.7	1.7	2.0	2.2	1.5	1.3	1.2	1.0	0.9	0.8
Trade balance	2.75	2.7	3.4	3.2	3.7	3.4	3.3	3.5	3.4	3.4	3.3
Services balance	-2.11	-1.8	-1.0	-0.6	-0.5	-1.3	-1.4	-1.6	-1.6	-1.7	-1.8
Net international investment position (billions of US \$)	15.23	16.0	15.4	12.3	14.2	15.6	16.0	16.2	16.3	16.3	16.2

Gross official reserves	3167.99	3,223	3,357	3,427	3,307	3,299	3,450	3,572	3,642	3,714	3,787
<b>MEMORANDUM ITEMS</b>											
Nominal GDP (billions of RMB) 5/	91577.43	99,071	102,563	114,528	120,502	125,544	133,244	141,013	149,076	157,533	166,113
Augmented debt (percent of GDP) 6/	80.85	86.3	98.8	100.8	107.7	116.2	122.0	127.5	132.8	137.7	142.6
Augmented net lending/borrowing (percent of GDP) 6/	-9.40	-12.5	-17.0	-12.1	-13.4	-13.6	-13.3	-13.0	-12.8	-12.6	-12.4
Change in Augmented Cyclically-Adjusted Primary Balance 7/	2.07	-3.1	-2.6	3.9	-0.8	-0.1	0.2	0.5	0.4	0.3	0.4

Sources: Bloomberg; CEIC Data Company Limited; IMF International Financial Statistics database; and IMF staff estimates and projections.

1/ 2021 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.

**Sources: IMF Executive Board Concludes 2023 [Article IV Consultation with the People's Republic of China February 2, 2024].**

**TABLE – 1**

**CHINA P RP'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE BETWEEN 2018 TO 2022**

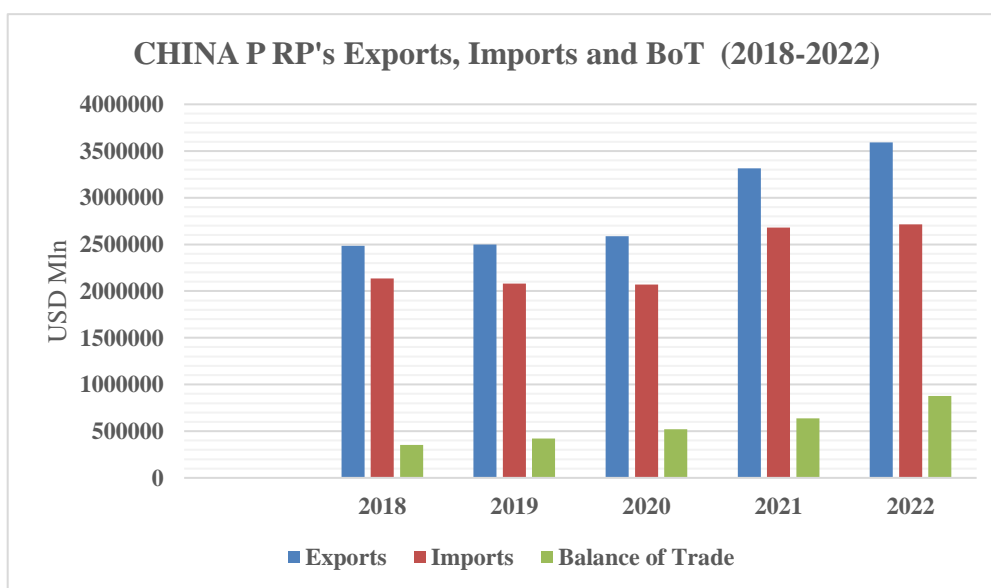
(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2018	2486440		2133605		46,20,045		352835
2019	2499207	0.51	2079285	-2.55	45,78,492	-0.90	419922
2020	2589098	3.60	2069568	-0.47	46,58,666	1.75	519530
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
<b>Annual Compound Growth Rate</b>		<b>9.64</b>		<b>6.22</b>		<b>8.10</b>	

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

**SOURCE:** UN COMTRADE PUBLICATION

**Figure – 1**



**TABLE - 2**  
**INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. CHINA P RP**  
**FY 2018-2019 to 2022-2023**

(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
2018-19	16752.80		70319.64		87072.44		-53566.84
2019-20	16614.32	-0.83	65260.75	-7.19	81875.07	-5.97	-48646.43
2020-21	21188.72	27.53	65212.25	-0.07	86400.97	5.53	-44023.53
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
<b>Annual Compound Growth Rate</b>		<b>-2.19</b>		<b>8.79</b>		<b>6.93</b>	

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

**Source** : DGCI&S, M/o C&I

**Figure 2**



TABLE -3

**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO CHINA PRP  
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	2019-20 over 2018-19	2020-21 over 2019-20	2021-22 over 2020-21	2022-23 over 2021-22
1	<b>Petroleum Products</b>	<b>2854.42</b>	<b>2128.05</b>	<b>1043.39</b>	<b>1873.00</b>	<b>1909.57</b>	<b>-25.45</b>	<b>-50.97</b>	<b>79.51</b>	<b>1.95</b>
	Share in total export	17.04	12.81	4.92	8.81	12.45				
2	<b>Marine Products</b>	<b>723.86</b>	<b>1345.41</b>	<b>869.93</b>	<b>1124.91</b>	<b>1445.56</b>	<b>85.87</b>	<b>-35.34</b>	<b>29.31</b>	<b>28.50</b>
	Share in total export	4.32	8.10	4.11	5.29	9.43				
3	<b>Iron Ore</b>	<b>952.82</b>	<b>2134.16</b>	<b>4245.45</b>	<b>2485.72</b>	<b>1396.83</b>	<b>123.98</b>	<b>98.93</b>	<b>-41.45</b>	<b>-43.81</b>
	Share in total export	5.69	12.85	20.04	11.69	9.11				
4	<b>Spices</b>	<b>447.49</b>	<b>765.60</b>	<b>970.44</b>	<b>891.41</b>	<b>793.41</b>	<b>71.09</b>	<b>26.76</b>	<b>-8.14</b>	<b>-10.99</b>
	Share in total export	2.67	4.61	4.58	4.19	5.17				
5	<b>Organic Chemicals</b>	<b>2519.35</b>	<b>1899.67</b>	<b>1494.44</b>	<b>1468.79</b>	<b>691.69</b>	<b>-24.60</b>	<b>-21.33</b>	<b>-1.72</b>	<b>-52.91</b>
	Share in total export	15.04	11.43	7.05	6.91	4.51				
6	<b>Castor Oil</b>	<b>374.60</b>	<b>340.76</b>	<b>424.04</b>	<b>515.97</b>	<b>527.76</b>	<b>-9.03</b>	<b>24.44</b>	<b>21.68</b>	<b>2.29</b>
	Share in total export	2.24	2.05	2.00	2.43	3.44				
7	<b>Rice (Other Than Basmati)</b>	<b>0.97</b>	<b>0.78</b>	<b>103.70</b>	<b>496.65</b>	<b>494.96</b>	<b>-19.59</b>	<b>13194.87</b>	<b>378.93</b>	<b>-0.34</b>
	Share in total export	0.01	0.00	0.49	2.34	3.23				
8	<b>Residual Chemicals And Allied Prods.</b>	<b>268.60</b>	<b>286.95</b>	<b>354.68</b>	<b>444.07</b>	<b>474.60</b>	<b>6.83</b>	<b>23.60</b>	<b>25.20</b>	<b>6.88</b>
	Share in total export	1.60	1.73	1.67	2.09	3.10				
9	<b>Copper, Products Made Of Copper</b>	<b>244.38</b>	<b>266.97</b>	<b>779.76</b>	<b>1210.71</b>	<b>460.20</b>	<b>9.24</b>	<b>192.08</b>	<b>55.27</b>	<b>-61.99</b>
	Share in total export	1.46	1.61	3.68	5.69	3.00				
10	<b>Iron And Steel</b>	<b>318.91</b>	<b>513.92</b>	<b>2512.55</b>	<b>1412.72</b>	<b>431.59</b>	<b>61.15</b>	<b>388.90</b>	<b>-43.77</b>	<b>-69.45</b>
	Share in total export	1.90	3.09	11.86	6.64	2.81				
	<b>Total export to China PRP</b>	<b>16752.80</b>	<b>16614.32</b>	<b>21188.72</b>	<b>21264.40</b>	<b>15331.94</b>	<b>-0.83</b>	<b>27.53</b>	<b>0.36</b>	<b>-27.90</b>

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

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

**TABLE -4**  
**INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM CHINA PRP**  
**2018-2019 TO 2022-2023 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	2019-20 over 2018-19	2020-21 over 2019-20	2021-22 over 2020-21	2022-23 over 2021-22
<b>1</b>	<b>Electronic Components</b>	<b>5810.64</b>	<b>6071.08</b>	<b>6191.32</b>	<b>12929.33</b>	<b>8198.72</b>	<b>4.48</b>	<b>1.98</b>	<b>108.83</b>	<b>-36.59</b>
	Share in total imports	8.26	9.30	9.49	13.67	8.32				
<b>2</b>	<b>Computer Hardware Peripherals</b>	<b>4002.21</b>	<b>4192.87</b>	<b>5605.97</b>	<b>8164.97</b>	<b>7254.63</b>	<b>4.76</b>	<b>33.70</b>	<b>45.65</b>	<b>-11.15</b>
	Share in total imports	5.69	6.42	8.60	8.63	7.36				
<b>3</b>	<b>Telecom Instruments</b>	<b>7416.77</b>	<b>5648.30</b>	<b>6476.10</b>	<b>6909.56</b>	<b>6815.48</b>	<b>-23.84</b>	<b>14.66</b>	<b>6.69</b>	<b>-1.36</b>
	Share in total imports.	10.55	8.65	9.93	7.31	6.92				
<b>4</b>	<b>Organic Chemicals</b>	<b>3589.98</b>	<b>3223.86</b>	<b>3483.37</b>	<b>5891.19</b>	<b>6443.73</b>	<b>-10.20</b>	<b>8.05</b>	<b>69.12</b>	<b>9.38</b>
	Share in total import	5.11	4.94	5.34	6.23	6.54				
<b>5</b>	<b>Industrial Machinery For Dairy Etc.</b>	<b>3831.39</b>	<b>4012.03</b>	<b>3940.03</b>	<b>5204.14</b>	<b>6278.43</b>	<b>4.71</b>	<b>-1.79</b>	<b>32.08</b>	<b>20.64</b>
	Share in total import	5.45	6.15	6.04	5.50	6.37				
<b>6</b>	<b>Electronic Instruments</b>	<b>2370.65</b>	<b>2279.54</b>	<b>2669.91</b>	<b>3337.58</b>	<b>3810.18</b>	<b>-3.84</b>	<b>17.12</b>	<b>25.01</b>	<b>14.16</b>
	Share in total import	3.37	3.49	4.09	3.53	3.87				
<b>7</b>	<b>Residual Chemicals And Allied Products</b>	<b>2520.78</b>	<b>2406.86</b>	<b>2683.67</b>	<b>3477.59</b>	<b>3765.85</b>	<b>-4.52</b>	<b>11.50</b>	<b>29.58</b>	<b>8.29</b>
	Share in total import	3.58	3.69	4.12	3.68	3.82				
<b>8</b>	<b>Plastic Raw Materials</b>	<b>1345.48</b>	<b>1245.01</b>	<b>1160.07</b>	<b>2473.50</b>	<b>3538.13</b>	<b>-7.47</b>	<b>-6.82</b>	<b>113.22</b>	<b>43.04</b>
	Share in total import	1.91	1.91	1.78	2.62	3.59				
<b>9</b>	<b>Electric Machinery &amp; Equipments</b>	<b>2639.81</b>	<b>2506.00</b>	<b>2269.91</b>	<b>3052.47</b>	<b>3383.81</b>	<b>-5.07</b>	<b>-9.42</b>	<b>34.48</b>	<b>10.85</b>
	Share in total import	3.75	3.84	3.48	3.23	3.44				
<b>10</b>	<b>Consumer Electronics</b>	<b>2093.58</b>	<b>2235.13</b>	<b>2384.90</b>	<b>3073.19</b>	<b>3223.30</b>	<b>6.76</b>	<b>6.70</b>	<b>28.86</b>	<b>4.88</b>
	Share in total import	2.98	3.42	3.66	3.25	3.27				
	<b>Total import from China PRP</b>	<b>70319.64</b>	<b>65260.75</b>	<b>65212.25</b>	<b>94570.57</b>	<b>98505.77</b>	<b>-7.19</b>	<b>-0.07</b>	<b>45.02</b>	<b>4.16</b>

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

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