7th Trade Policy Review of China
(11 & 13 July 2018)

Statement by India

I would like to extend a very warm welcome to the delegation of China for the seventh Trade Policy Review and thank Mr. WANG Shouwen, Vice Minister, Ministry of Commerce of China for the comprehensive opening statement. We also thank Ambassador Didier Chambovey of Switzerland for his insightful observations as a discussant, and the Secretariat and the Government of China for the comprehensive reports prepared for the review.

2. China with a share of 9.8% in international trade and contributing around 30% of the expansion in the world economy during the period, is a key driver of global trade and growth. During the period under review the Chinese economy continued to grow at around 7% per year, though adjusting to a 'new normal' of moderated growth with the rebalancing due to consumption, internal demand and larger share of services in the GDP, which exceeded 50% for the first time in 2015. China also continues to be one of the largest recipients of foreign direct investment. In raising people out of poverty, enhancing economic growth and creating state of the art infrastructure, China has clearly had a dream run in the last two decades! It is also gratifying that China has been a strong and steadfast supporter of the rules based multilateral trading system embodied in the WTO.

3. India and China share close and long-standing ties. In recent years our multifaceted relationship has deepened and strengthened in all areas with regular high level political exchanges between the two countries. Both countries have a broad based institutional framework in place to strengthen trade and investment ties, which include a strategic economic dialogue, working groups and other fora. Trade between both countries has grown rapidly with total trade of USD 89.6 billion in 2017-18.

4. We thank the Chinese delegation for the replies provided to the questions we had raised. While these are being reviewed, let me underscore some specific issues and concerns which affect the vast underlying potential of our trade relations.

- Trade is skewed in favour of China with it having a trade surplus of US $ 63 billion. This large and growing deficit is difficult for India to sustain and therefore, serious efforts need to be made to remedy the situation.

- Exports from India of agriculture products, including bovine meat, face challenges due to stringent and often opaque regulatory requirements.

- One important area that requires to be addressed is exports of non-basmati rice from India to China. It is encouraging that a protocol on export of rice was signed during the visit of the Indian Prime Minister to China in June, 2018 and Chinese experts are likely to visit India soon for approving rice mills. Early completion of this process is necessary as it not only meets a long-standing demand of India but will also help increase exports from India to the mutual benefit of both countries.

- India is one of the largest manufacturers of generic medicines and exports to more than 120 countries around the globe. However, in spite of the expansion of the Chinese public health programme, exports of pharmaceuticals from India to China have remained modest. This is in large measure due to the inability of Indian pharma companies to obtain market approvals in China for various generic formulations due to complex and onerous regulatory requirements. This needs to be addressed and an important step to expedite this process would be for China's Food and Drug Administration to hold workshops for Indian pharma companies to enable them to build capacity to file requests for market approvals, which should then be accorded in a time bound manner.

- Indian companies provide IT and IT-enabled services to a large number of companies including a majority of the Fortune 500. This has brought about a transformational change in the competitiveness of manufacturing and banking entities that have accessed these services. There is great scope for collaboration between Chinese state owned enterprises and Indian IT sector which can provide state of the art custom designed solutions. More openness of Chinese SOEs to accessing these services can be an area of partnership. Further, in the services sector, the challenges for Indian companies include complex requirements for participating in contracts of the state-owned enterprises and issues related to qualification requirements, licensing and taxation. Indian professionals are also facing visas restrictions like permits being granted only for a year. We would encourage the Chinese authorities to look into these issues to resolve them early.

- China is today the largest global investor, but its foreign direct investment in India remains very modest. The total Chinese investment in India aggregates to US $ 1.74 billion and annual investments are of the order of US $ 100 million. The increased liberalization in India's FDI regime and the improvement in its global rank for ease of doing business, makes it an attractive destination for global investment. There is, therefore, a great potential for increasing Chinese investment in manufacturing and infrastructure sectors in India.

5. India and China also work closely in multilateral fora like BRICS, and in a variety of other institutions. In the WTO, as two large developing countries, we have core common interests and concerns on issues related to obtaining successful outcomes in addressing the historical imbalances in the Agreement on Agriculture and keeping development central to our work.

6. I would wish to place on record our deep appreciation for the constructive contribution of Ambassador Zhang Xiangchen and his team at the Chinese mission in Geneva in the ongoing work of the WTO.

7. We look forward to working closely with the authorities of China for further expanding and harnessing the potential of our trade and investment ties for mutual benefit. We wish the delegation of China a productive and successful TPR.

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