

India and China Relations

Indo-Chinese friendship has added yet another feather in the cap. It is highly gratifying to note that Indian doctor Dwarkanath Kotnis, who treated Chinese soldiers during the Sino-Japanese war of 1938 and won the heart of the Chinese people with his selfless service has been chosen in a recent nationwide poll in China as one of the ten foreigners who have made exceptional contributions to the country in the past 100 years. This honourable recognition further elevates India China friendship to a higher plank and brings the two countries closer. While paying our humble tribute to Dr. Kotnis, I would like to remind you that on the day when the Chinese pay respects to their ancestors, the grave of this doctor on the plains of North China is covered with flowers donated by the local Chinese.

India and China have had ancient civilization contact. In recent times, the process of development and diversification of bilateral relations has gathered pace. The focus is on enhancing mutually beneficial cooperation in diverse sectors.

Prime Minister Dr. Manmohan Singh visited China on 13-15 January 2008. During the visit, he had extensive discussions with Premier Wen Jiabao and met with President Hu Jintao and NPC Chairman. A joint document entitled "A Shared Vision for the 21st Century of the Republic of India and the People's Republic of China" was issued during the visit, outlining common positions on a number of international and some bilateral issues.

India and China have stepped up functional cooperation in all areas. The two countries have instituted dialogue mechanisms on issues relating to counter-terrorism, policy planning and security, besides strategic dialogue and regular consultations. There are also close cooperation in areas as diverse as water resources, judiciary, science & technology, audit, personnel, finance, labour etc.

Trade and Economic Relations

India and China resumed trade officially in 1978. In 1984, the two sides signed the Most Favoured Nation Agreement. Presently, China is India's largest trading partner having overtaken the United States in 2007.

There are several institutional mechanisms for India's economic and commercial engagement with China. India-China Joint Economic Group on Economic Relations and Trade, Science and Technology (JEG) is a ministerial-level dialogue mechanism established in 1988 during the visit of former Prime Minister Rajiv Gandhi to China. There are also Joint Working Groups on Trade, Agriculture and energy. The two countries also cooperate in the WTO.

Bilateral Trade

India-China bilateral Trade touched US\$ 51.8 billion in 2008, registering a growth of 34% over US\$ 38.6 billion reached in 2007. India's exports to China increased by 39% to touch US\$ 20.3 billion as compared US\$14.6 billion in 2007. India's imports from China grew by 31% to reach US\$ 31.5 billion in 2008 from US\$ 24 billion in 2007. The trade deficit also increased from US\$ 9.4 billion in 2007 to reach US\$ 11.2 billion in 2008.

In Jan - May 2009, India emerged as the 7th largest export destination for China. Chinese exports to India in Jan-May 2009 declined at a rate of 14.76% over the previous corresponding period. India's share in Chinese global exports also increased from 2.31% in Jan-May, 2008 to 2.52% in Jan-May 2009.

As per Chinese statistics, India-China bilateral trade for Jan-May 2009 totalled US\$ 16.43 billion, which is a decline of 32.05% over the previous corresponding period.. In Jan-May 2009, Indian exports to China stood at US\$ 5.68 billion declining by 50% over the figure for Jan-May 2008.

India's major exports to China include iron ore, cotton, organic chemicals, copper and precious stones etc. China's major exports to India include electrical machinery, machinery, organic chemicals, iron & steel and steel products. Border Trade with China resumed following the signing of an MOU during the visit of Chinese Premier Li Peng in December 1991. This covered two border trading points- Lipulekh pass in Uttaranchal and Shipki La in Himachal Pradesh. In 2003, the two sides agreed to add a third border trading point at Nathu La in Sikkim which was operationalized in July 2006.

According to the figures provided by the Chinese Ministry of Commerce, the cumulated value of Contractual Chinese investment (Projects) till Oct 2008 is US\$22 Billion. The contractual Chinese investment (Projects) in India in 2007 stood at US\$4.56 billion and the turnover realized from the contractual Investment (Projects) in 2007 was US\$1.99 billion. According to the Chinese Ministry of Commerce, the total amount of FDI from India to China in the form of projects during 2007 was US\$ 34 million in 78 Projects.

Indian Companies in China

Indian business presence in China is in a range of operations including manufacturing (pharmaceuticals, refractories, laminated tubes, autocomponents, wind energy etc.), IT and IT-enabled services (including IT education, software solutions, and specific software products), trading, banking sector (major Indian banks from the public and private sector are present in China),

Some of the prominent Indian companies in China include Ranbaxy, Orchid Pharmaceuticals, Dr. Reddy Laboratories, Aurobindo Pharma, NIIT, Bharat Forge, Infosys, TCS, Satyam Computers, APTECH, Orind Refractories, Essel Packaging, Suzlon Energy, State Bank of India, Bank of India, Punjab National Bank, Canara Bank, ICICI Bank, Bank of Baroda, Reliance Industries, KGK Diamonds, Sundaram Fasteners etc. The total number of Indian companies is slightly over 100.

Chinese Companies in India

Many large Chinese State-owned companies in the field of machinery and infrastructure construction have won projects in India and most of these companies also have a presence in India. These include Sinosteel, Shougang International, Baoshan Iron & Steel Ltd, Sany Heavy Industry Ltd, Chongqing Lifan Industry Ltd, China Dongfang International, SinoHydro Corporation etc. Many Chinese companies into electronics, IT and hardware manufacturing are also based in India. These include Huawei Technologies, ZTE, TCL, Haier etc. Major Chinese projects in India are in the field of infrastructure construction, including roads and bridges, power projects, including EPC and also supply of heavy equipment, industrial projects mainly in the iron and steel sector, including boilers, turbines and pelletization plants, as well as telecommunications.

There are also institutional linkages between organizations on the two sides dealing with arts, films, television, theatre, media and publication. The year 2006 was designated as the Year of India-China Friendship, and a series of cultural events were held in both China and India to celebrate the occasion. This was followed by both India and China announcing the year 2007 as the Year of India-China Friendship through Tourism. India Tourism office was established in China in April 2008.

Currently, there are an estimated 7000 Indian students in China, most of them pursuing medical courses. Many Chinese universities/educational institutions have entered into MoUs for information, faculty and student exchanges with Indian counterparts.

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