

EXPORT-IMPORT BANK OF INDIA

WORKING PAPER NO. 41

**POTENTIAL FOR ENHANCING INDIA'S TRADE
WITH CHINA: AN UPDATE**

EXIM Bank's Working Paper Series is an attempt to disseminate the findings of research studies carried out in the Bank. The results of research studies can interest exporters, policy makers, industrialists, export promotion agencies as well as researchers. However, views expressed do not necessarily reflect those of the Bank. While reasonable care has been taken to ensure authenticity of information and data, EXIM Bank accepts no responsibility for authenticity, accuracy or completeness of such items.

© Export-Import Bank of India
August 2015

CONTENTS	
	Page No.
List of Tables	5
List of Charts	7
Executive Summary	9
1. China in Global Trade Configuration	12
2. China's Trade with India	23
3. Potential Areas for Enhancing Bilateral Trade Relations	28

Project Team

Mr. David Sinate, Chief General Manager, Research and Analysis Group

Dr. Viswanath Jandhyala, Chief Manager, Research and Analysis Group

LIST OF TABLES		
Table No.	Title	Page No.
1.1	Major Exporters in Global Trade, 2001-2014	12
1.2	Major Importers in Global Trade, 2001-2014	13
1.3	Trends in China's Trade, 2005-2014 (US\$ bn)	15
1.4	China's Major Export Markets, 2005 & 2014	16
1.5	China's Major Import Sources, 2005 & 2014	17
1.6	China's Trade Balance (Trade Surplus) with Major Trading Partners, 2005-2014 (US\$ bn)	18
1.7	China's Major (Top 25) Export Items and Share in Global Exports, 2014	20
1.8	China's Major (Top 25) Import Items and Share in Global Imports, 2014	22
2.1	China's Trade with India, 2005-2014 (US\$ bn)	23
2.2	China's Major (Top 20) Exports to India, 2005 & 2014 and Trade Balance	25
2.3	China's Major (Top 20) Imports from India, 2005 & 2014	27
3.1	China's Major Global Imports and India's Share, 2014	29
3.2	China's Imports of Electrical, Electronic Equipment (HS-85) from Major Partners	31
3.3	Electrical, Electronic Equipment (HS-85) - Potential Export Items to China, 2014	32
3.4	China's Imports of Mineral Fuels, Oils and Distillation Products (HS-27) from Major Partners	33
3.5	Mineral Fuels, Oils and Distillation Products (HS-27) - Potential Export Items to China, 2014	34
3.6	China's Imports of Machinery and Boilers (HS-84) from Major Partners	34
3.7	Machinery and Boilers (HS-84) - Potential Export Items to China, 2014	35
3.8	China's Imports of Optical, Photo, Technical, Medical Apparatus (HS-90) from Major Partners	36
3.9	Optical, Photo, Technical, Medical Apparatus (HS-90) - Potential Export Items to China, 2014	37
3.10	China's Imports of Vehicles other than Railway, Tramway (HS-87) from Major Partners	38

Table No.	Title	Page No.
3.11	Vehicles other than Railway, Tramway (HS-87) - Potential Export Items to China, 2014	39
3.12	China's Imports of Plastics and Articles (HS-39) from Major Partners	40
3.13	Plastics and Articles (HS-39)- Potential Export Items to China, 2014	41
3.14	China's Imports of Oil Seed, Oleagic Fruits, Grain, Seed and Fruit (HS-12) from Major Partners	42
3.15	Oil Seed, Oleagic Fruits, Grain, Seed and Fruit (HS-12) - Potential Export Items to China, 2014	43
3.16	China's Imports of Aircraft, Spacecraft and Parts (HS-88) from Major Partners	44
3.17	Aircraft, Spacecraft and Parts (HS-88) - Potential Export Items to China, 2014	45
3.18	China's Imports of Iron and Steel (HS-72) from Major Partners	46
3.19	Iron and Steel (HS-72) - Potential Export Items to China, 2014	47
3.20	China's Imports of Pharmaceutical Products (HS-30) from Major Partners	48
3.21	Pharmaceutical Products (HS-30) - Potential Export Items to China, 2014	49
3.22	China's Imports of Rubber and Articles (HS-40) from Major Partners	50
3.23	Rubber and Articles (HS-40) - Potential Export Items to China, 2014	51
3.24	China's Imports of Miscellaneous Chemical Products (HS-38) from Major Partners	52
3.25	Miscellaneous Chemical Products (HS-38) - Potential Export Items to China, 2014	53
3.26	China's Imports of Articles of Iron or Steel (HS-73) from Major Partners	54
3.27	Articles of Iron or Steel (HS-73) - Potential Export Items to China, 2014	55
3.28	China's Imports of Aluminum and Articles (HS-76) from Major Partners	56
3.29	Aluminum and Articles (HS-76) - Potential Export Items to China, 2014	57
3.30	China's Imports of Cereals (HS-10) from Major Partners	58
3.31	Cereals (HS-10) - Potential Export Items to China, 2014	59

LIST OF CHARTS		
Chart No.	Title	Page No.
1	China's Trade with India, 2005-2014 (US\$ bn)	10
1.1	Trends in China's Trade, 2005-2014 (US\$ bn)	15
2.1	China's Trade with India, 2005-2014 (US\$ bn)	24

Executive Summary

CHINA IN GLOBAL TRADE

China has, in recent years, emerged as the world's leading exporter accounting for 10.4% of global exports in 2011, a position which it has maintained in 2014 with a share of 12.5% in global exports. China has overtaken both Germany and USA, to emerge as the world's leading exporter.

As regards imports, China has overtaken Germany, Japan, UK and France to emerge as the second largest global importer, after the USA, with a share of 9.5% of global imports in 2011, which increased further to 10.4% in 2014, while maintaining its position as the second largest global importer in 2014.

Trends in China's Trade

China's global trade has risen more than 3-fold, from US\$ 1422 bn in 2005 to US\$ 4305 bn in 2014, underlined by rise in both China's export to, as also imports from the world. While China's global exports amounted to US\$ 2343 bn in 2014, its imports amounted to US\$ 1962 bn in 2014. Consequently, China's trade surplus has witnessed a sharp rise over the last decade increasing from US\$ 102 bn in 2005 to US\$ 381 bn in 2014, with Hong Kong and USA being the leading trading partners with which China maintains the largest trade surplus.

During the period 2005-2014, USA, Hong Kong, Japan, Republic of Korea, Germany, Netherlands have retained their position as leading markets for China's global exports, although their combined share has declined from 61% in 2005 to 49% in 2014. India has emerged over the period, as the

9th largest export market for China, up from the 16th position in 2005.

As regards imports, during the same period, Republic of Korea, Japan, USA, Chinese Taipei and Germany have retained their leading position as China's largest import sources, with their combined share in China's global imports however, falling from 50% in 2005 to 39% in 2014. India's position as China's import source has fallen from 15th position in 2005 to 27th position in 2014.

China's Major Items of Trade and Global Ranking

China has emerged as the world's leading exporter and importer of several items in its trade basket. For instance, amongst the top 25 items in China's export basket, China accounts for the top share in global exports of 18 items, which include among others, electrical and electronic equipment; machinery and boilers; furniture, lighting and signs; articles of apparel, accessories; iron and steel and its articles; aluminium and articles; organic chemicals; and articles of leather.

In the same context, China is presently the world's leading importer of 12 items among its 25 major items of imports, which primarily include electrical, electronic equipment; ores, slag and ash; optical, photo, technical, medical, apparatus; plastics and articles; copper and articles; oil seed, oleaginous fruits, grain, seeds and fruits; cotton; and leather, among others.

CHINA'S TRADE WITH INDIA

Reflecting the synergy in bilateral trade relations, total trade between India and China has risen

almost four-fold, from US\$ 18.7 bn in 2005 to US\$ 70.6 bn in 2014, underlined by rise in both China's export to as also imports from India (Chart 1).

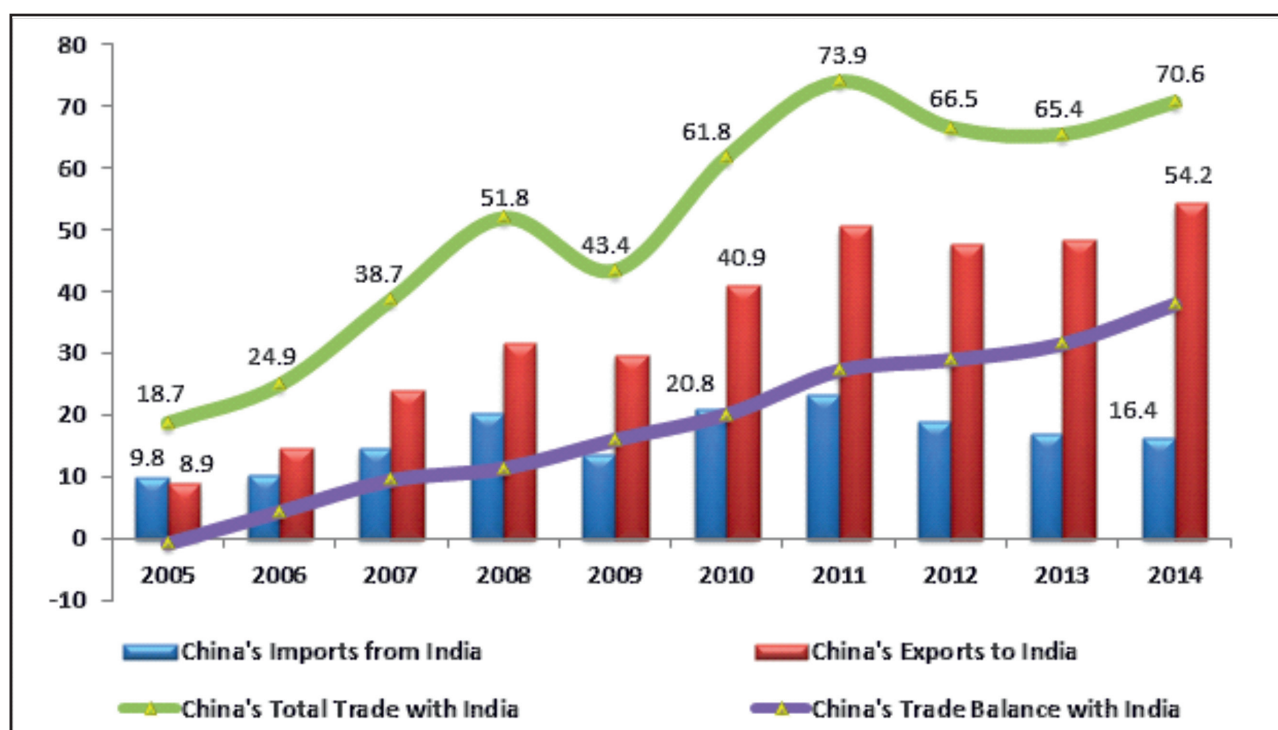
During the period, China's exports to India have risen from US\$ 8.9 bn in 2005 to US\$ 54.2 bn in 2014. As a result India's share in China's global exports has risen from 1.2% in 2005 to touch 2.3% in 2014. On the other hand, while China's imports from India have risen from US\$ 9.8 bn in 2005 to touch a peak of US\$ 23.4 bn in 2011, before moderating to US\$ 16.4 bn in 2014, India's share in China's global imports reduced significantly from 1.5% in 2010 to 0.8% in 2014. Consequently, China's trade balance (surplus) with India has witnessed a sharp rise during the period since 2005 from US\$ -0.8 bn to touch almost US\$ 38 bn in 2014.

China's Trade with India – Major Commodities

Electrical and electronic equipments, and machinery and boilers are the two largest items of China's exports to India, with a combined share of close to 39% of China's total exports to India during 2014. China's export of these two items to India have, in fact, registered a significant rise in recent years.

India has emerged as a leading destination for major export items of China. For instance, among China's major exports, India is the largest market for exports of organic chemicals (13.7% share in 2014) and fertilizers (26.2% share in 2014); 4th largest market for plastic and articles (3.3% share in 2014); 6th largest market for machinery and boilers (2.5% share in 2014) and iron and steel (4.2% share in 2014); 10th largest market for

Chart 1: China's Trade with India, 2005-2014 (US\$ bn)



Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank Analysis

electrical and electronics equipments (1.9% share in 2014); and 11th largest market for articles of iron and steel (2.5% share in 2014).

In case of China's imports, the three major items, viz. cotton; pearls, precious stones and metals; and copper and articles primarily constitute China's trade basket from India, which together accounted for almost half of China's total imports from India during 2014, (with a share of 19.6%, 15.4% and 14.3% respectively).

As in the case with exports, among China's major import items globally, India has emerged as the leading global source for China's import of cotton in 2014 (accounting for 25.2% share of China's imports); 2nd largest source for salt, sulphur, and cement (15.4% share); 4th largest source for pearls, precious stones and metals (6% share); 7th largest source for copper and article (4.9% share); 12th largest source for organic chemicals (1.7% share); and 15th largest source for ores, slag and ash (1% share).

POTENTIAL AREAS FOR ENHANCING BILATERAL TRADE RELATIONS

To enhance bilateral trade relations, and in particular to address India's rising trade deficit with China, strategy to boost trade relations with China would entail identification of potential items of India's exports to China, based on low share of India in China's import basket of major commodities, and India's global export capabilities.

It is observed that among China's major import items, while India has achieved a relatively healthy share in China's global imports of cotton (accounting for a share of 25.2%); pearls, precious

stones and metals (6% share); copper and articles (4.9%); tanning, dyeing extracts, tannins, pigments (3.2%); article of apparel, accessories, not knit or crochet (1.9%) in 2014, India's share in China's global import of most other major items is still marginal, which would serve to highlight the potential to further enhance these exports to China. At the same time, some of these items are amongst India's leading export items in the global market, which highlights India's export capability of these items.

Based on the above criteria, considering India's global export capability and China's import demand, potential items of export to China from India would mainly include:

- Electrical, electronic equipment (HS-85)
- Petroleum products (HS-27)
- Machinery and boilers (HS-84)
- Optical, photo, technical, medical apparatus (HS-90)
- Vehicles other than railway, tramway (HS-87)
- Plastics and articles (HS-39)
- Oil seed, Oleagious fruits, grain, seed and fruit (HS-12)
- Aircraft, spacecraft, and parts (HS-88)
- Iron and steel (HS-72)
- Pharmaceutical products (HS-30)
- Rubber and articles (HS-40)
- Miscellaneous chemical products (HS-38)
- Articles of iron or steel (HS-73)
- Aluminium and articles (HS-76)
- Cereals (HS-10)

1. CHINA IN GLOBAL TRADE CONFIGURATION

Major Exporters in Global Trade

China has, in recent years, emerged as the world's leading exporter accounting for 10.4% of global exports in 2011, a position it maintained in 2014 with a share of 12.5% (**Table 1.1**). China has

progressively enhanced its position and share as a leading global exporter, rising from 6th position in 2001 (accounting for 4.4% share) and further to 3rd position in 2005 (7.3% share). China has overtaken both Germany and USA, to emerge as the world's leading exporter.

Table 1.1: Major Exporters in Global Trade, 2001-2014

Global Rank	Exporters	2001		Exporters	2005 (% Share)	Exporters	2011 (% Share)	Exporters	2014	
		US\$ bn	% Share						US\$ bn	% Share
	World	6107	100.0	World	100.0	World	100.0	World	18682	100.0
1	USA	731	12.0	Germany	9.4	China	10.4	China	2343	12.5
2	Germany	571	9.4	USA	8.7	USA	8.1	USA	1623	8.7
3	Japan	403	6.6	China	7.3	Germany	8.1	Germany	1508	8.1
4	France	290	4.7	Japan	5.7	Japan	4.5	Japan	684	3.7
5	UK	273	4.5	France	4.2	Netherlands	3.7	Netherlands	672	3.6
6	China	266	4.4	UK	3.8	France	3.2	Republic of Korea	573	3.1
7	Canada	261	4.3	Italy	3.6	Republic of Korea	3.1	France	567	3.0
8	Italy	244	4.0	Canada	3.5	Italy	2.9	Italy	528	2.8
9	Netherlands	216	3.5	Netherlands	3.4	UK	2.8	Hong Kong, China	524	2.8
10	Hong Kong, China	191	3.1	Belgium	3.2	Russian Federation	2.8	UK	511	2.7
11	Belgium	190	3.1	Hong Kong, China	2.8	Belgium	2.6	Russian Federation	492	2.6
12	Mexico	158	2.6	Republic of Korea	2.7	Hong Kong, China	2.5	Canada	473	2.5
13	Republic of Korea	150	2.5	Russian Federation	2.3	Canada	2.5	Belgium	472	2.5
14	Taipei, Chinese	123	2.0	Singapore	2.2	Singapore	2.3	Singapore	410	2.2
15	Singapore	122	2.0	Mexico	2.1	Saudi Arabia	2.0	Mexico	398	2.1
16	Spain	116	1.9	Spain	1.9	Mexico	1.9	Saudi Arabia	349	1.9
17	Russian Federation	100	1.6	Taipei, Chinese	1.8	Taipei, Chinese	1.7	Spain	319	1.7
18	Malaysia	88	1.4	Saudi Arabia	1.7	India	1.7	India	318	1.7

19	Ireland	83	1.4	Malaysia	1.4	Spain	1.6	Taipei, Chinese	313	1.7
20	Switzerland	82	1.3	Switzerland	1.3	Australia	1.5	Australia	240	1.3
21	Sweden	76	1.2	Sweden	1.3	Brazil	1.4	Switzerland	239	1.3
22	Saudi Arabia	68	1.1	Brazil	1.1	Switzerland	1.3	Malaysia	234	1.3
23	Austria	66	1.1	Austria	1.1	Thailand	1.3	Thailand	228	1.2
24	Thailand	65	1.1	UAE	1.1	Malaysia	1.2	Brazil	225	1.2
25	Australia	63	1.0	Thailand	1.1	UAE	1.2	Poland	214	1.1
26	Norway	59	1.0	Ireland	1.1	Indonesia	1.1	UAE	202	1.1
27	Brazil	58	1.0	Australia	1.0	Poland	1.0	Austria	178	1.0
28	Indonesia	56	0.9	Norway	1.0	Sweden	1.0	Indonesia	176	0.9
29	Denmark	51	0.8	India	1.0	Austria	1.0	Czech Republic	174	0.9
30	Finland	44	0.7	Poland	0.9	Czech Republic	0.9	Sweden	164	0.9

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Major Importers in Global Trade

As regards imports, China has overtaken Germany, Japan, UK and France to emerge as the second largest global importer in 2011, after the USA, with a share of 9.5% of global imports, which increased further to 10.4% in 2014

(Table 1.2). China's position and share in global Imports has progressively risen from the 6th position in 2001 (accounting for 3.9% share) to the 3rd position in 2005 (6.2% share), before emerging as the second leading global importer by 2011, and maintaining its position in 2014.

Table 1.2: Major Importers in Global Trade, 2001-2014

Global Rank	Importers	2001		Importers	2005 (% Share)	Importers	2011 (% Share)	Importers	2014	
		US\$ bn	% Share						US\$ bn	% Share
	World	6300	100	World	100	World	100	World	18791	100
1	USA	1180	18.7	USA	16.3	USA	12.3	USA	2408	12.8
2	Germany	486	7.7	Germany	7.4	China	9.5	China	1962	10.4
3	Japan	349	5.5	China	6.2	Germany	6.8	Germany	1216	6.5
4	UK	338	5.4	UK	5.0	Japan	4.6	Japan	822	4.4
5	France	294	4.7	Japan	4.9	UK	3.9	UK	687	3.7
6	China	244	3.9	France	4.5	France	3.8	France	660	3.5
7	Italy	236	3.7	Italy	3.6	Netherlands	3.2	Hong Kong, China	601	3.2
8	Canada	222	3.5	Belgium	3.0	Italy	3.0	Netherlands	588	3.1
9	Hong Kong, China	202	3.2	Canada	3.0	Republic of Korea	2.8	Republic of Korea	526	2.8

10	Netherlands	196	3.1	Netherlands	2.9	Hong Kong, China	2.8	Italy	472	2.5
11	Belgium	179	2.8	Hong Kong, China	2.8	Belgium	2.5	Canada	462	2.5
12	Mexico	168	2.7	Spain	2.7	India	2.5	India	459	2.4
13	Spain	155	2.5	Republic of Korea	2.5	Canada	2.4	Belgium	453	2.4
14	Republic of Korea	141	2.2	Mexico	2.1	Singapore	2.0	Mexico	400	2.1
15	Singapore	116	1.8	Singapore	1.9	Spain	2.0	Singapore	366	1.9
16	Taipei, Chinese	107	1.7	Taipei, Chinese	1.7	Mexico	1.9	Spain	351	1.9
17	Switzerland	84	1.3	India	1.3	Russian Federation	1.7	Russian Federation	283	1.5
18	Malaysia	73	1.2	Switzerland	1.2	Taipei, Chinese	1.5	Taipei, Chinese	274	1.5
19	Austria	70	1.1	Austria	1.1	Turkey	1.3	Turkey	242	1.3
20	Sweden	64	1.0	Australia	1.1	Australia	1.3	UAE	232	1.2
21	Thailand	62	1.0	Thailand	1.1	Thailand	1.2	Brazil	229	1.2
22	Australia	61	1.0	Turkey	1.1	Brazil	1.2	Thailand	228	1.2
23	Brazil	56	0.9	Malaysia	1.1	Poland	1.1	Australia	228	1.2
24	Ireland	51	0.8	Sweden	1.0	Switzerland	1.1	Poland	217	1.2
25	India	51	0.8	Poland	1.0	UAE	1.1	Malaysia	209	1.1
26	Poland	49	0.8	Russian Federation	0.9	Austria	1.0	Switzerland	203	1.1
27	Denmark	45	0.7	UAE	0.8	Malaysia	1.0	Austria	182	1.0
28	Russian Federation	42	0.7	Czech Republic	0.7	Indonesia	1.0	Indonesia	178	0.9
29	Turkey	41	0.7	Brazil	0.7	Sweden	1.0	Viet Nam	177	0.9
30	Portugal	39	0.6	Denmark	0.7	Czech Republic	0.8	Sweden	162	0.9

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Trends in China's Trade

Reflecting the synergy in bilateral trade flows, China's global trade has risen more than 3-fold, from US\$ 1422 bn in 2005 to US\$ 4305 bn in 2014, underlined by rise in both China's export to, as also imports from the world (**Table 1.3 & Chart 1.1**).

During the period 2005-2014, China's export to the world rose from US\$ 762 bn in 2005 to touch

US\$ 2343 bn in 2014. China's imports from the world have also risen from US\$ 660 bn in 2005 to US\$ 1962 bn in 2014.

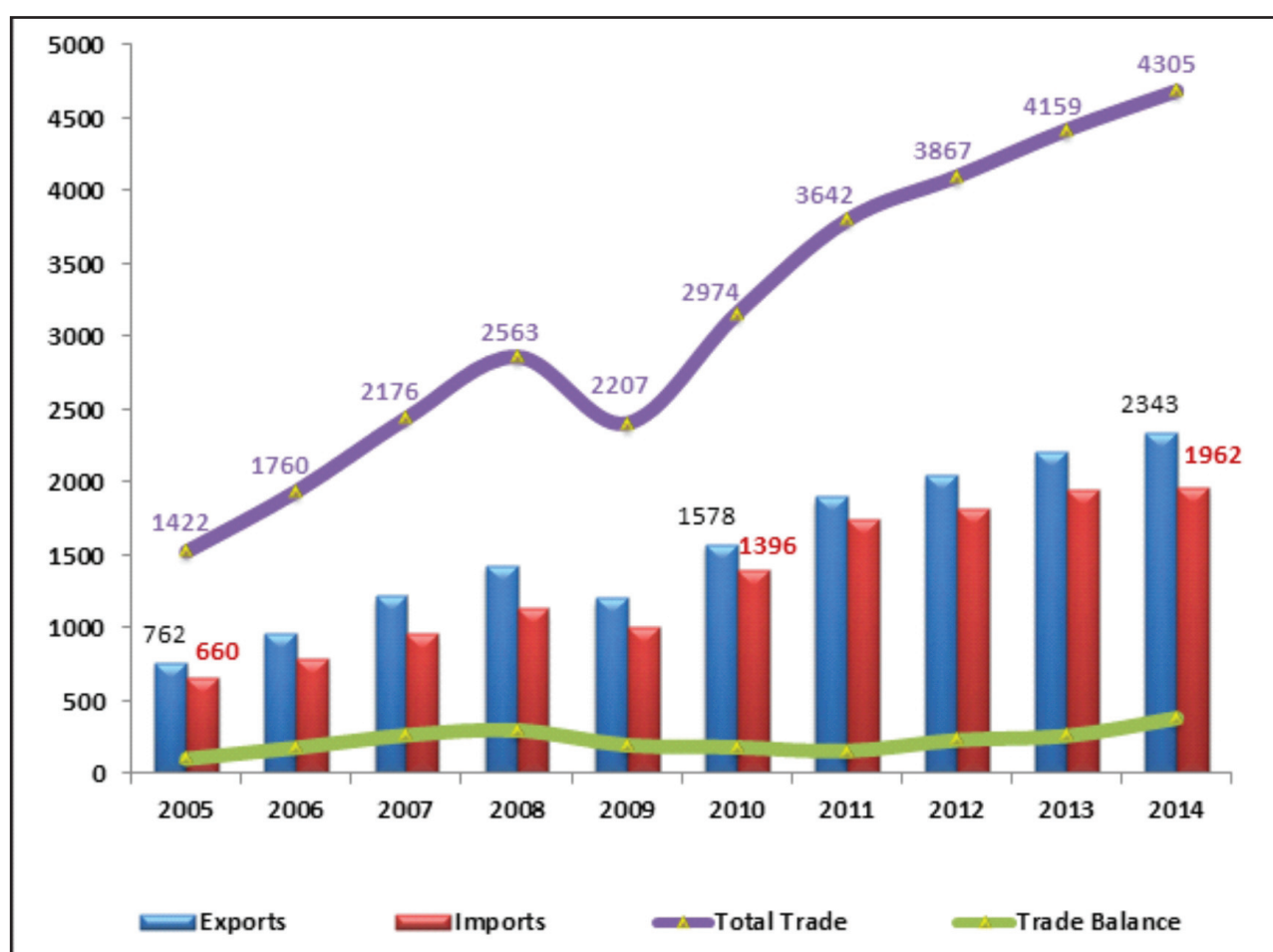
As a result of the higher growth in China's exports to the world, as compared to growth in imports from the world, China's trade surplus has witnessed a sharp rise in recent years increasing from US\$ 102 bn in 2005 to US\$ 381 bn in 2014.

Table 1.3: Trends in China's Trade, 2005-2014 (US\$ bn)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Exports	762	969	1220	1431	1202	1578	1898	2049	2209	2343
Imports	660	791	956	1133	1006	1396	1743	1818	1950	1962
Trade Balance	102	178	264	298	196	182	155	231	259	381
Total Trade	1422	1760	2176	2563	2207	2974	3642	3867	4159	4305

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Chart 1.1: Trends in China's Trade, 2005-2014 (US\$ bn)



Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

China's Major Export Partners

During the period 2005-2014, the USA, Hong Kong, Japan, Republic of Korea, Germany, Netherland have retained their position as leading markets for China's global exports, although their

combined share has declined from 61% in 2005 to 49% in 2014. As the leading export market, India has now emerged as the 9th largest export market for China, up from the 16th position in 2005 (**Table 1.4**).

Table 1.4: China's Major Export Markets, 2005 & 2014

Rank	Importers	2005		Importers	2014	
		US\$ mn	% Share		US\$ mn	% Share
	World	761953	100.0	World	2342808	100
1	USA	163180	21.4	USA	397151	17.0
2	Hong Kong, China	124473	16.3	Hong Kong, China	363183	15.5
3	Japan	83986	11.0	Japan	149558	6.4
4	Republic of Korea	35108	4.6	Republic of Korea	100362	4.3
5	Germany	32527	4.3	Germany	72723	3.1
6	Netherland	25876	3.4	Netherland	64936	2.8
7	UK	18976	2.5	Viet Nam	63611	2.7
8	Singapore	16632	2.2	UK	57157	2.4
9	Taipei, Chinese	16550	2.2	India	54237	2.3
10	Russian Federation	13211	1.7	Russian Federation	53686	2.3
11	France	11692	1.5	Singapore	48852	2.1
12	Italy	11691	1.5	Taipei, Chinese	46292	2.0
13	Canada	11654	1.5	Malaysia	46285	2.0
14	Australia	11062	1.5	Australia	39121	1.7
15	Malaysia	10606	1.4	Indonesia	39066	1.7
16	India	8934	1.2	United Arab Emirates	39042	1.7
17	United Arab Emirates	8730	1.1	Brazil	34915	1.5
18	Spain	8484	1.1	Thailand	34308	1.5
19	Indonesia	8350	1.1	Mexico	32260	1.4
20	Thailand	7819	1.0	Canada	30008	1.3
21	Belgium	7739	1.0	France	28961	1.2
22	Viet Nam	5644	0.7	Italy	28764	1.2
23	Mexico	5538	0.7	Iran	24354	1.0
24	Brazil	4827	0.6	Philippines	23462	1.0
25	Philippines	4688	0.6	Spain	21541	0.9

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

China's Major Import Sources

As regards imports, during the period 2005-2014, Republic of Korea, Japan, USA, Chinese Taipei and Germany have retained their leading position as China's largest import sources. However, their

combined share in China's global imports has fallen from 50% in 2005 to 39% in 2014. India's position as China's import sources has fallen from 15th position in 2005 to 27th position in 2014 (Table 1.5)

Table 1.5: China's Major Import Sources, 2005 & 2014

Rank	Exporters	2005		Exporters	2014	
		US\$ mn	% Share		US\$ mn	% Share
	World	659953	100.0	World	1962086	100.0
1	Japan	100408	15.2	Republic of Korea	190265	9.7
2	Republic of Korea	76820	11.6	Japan	163083	8.3
3	Taipei, Chinese	74680	11.3	USA	160147	8.2
4	USA	48741	7.4	Taipei, Chinese	152241	7.8
5	Germany	30723	4.7	Germany	105029	5.4
6	Malaysia	20093	3.0	Australia	98007	5.0
7	Singapore	16515	2.5	Malaysia	55773	2.8
8	Australia	16194	2.5	Brazil	51914	2.6
9	Russian Federation	15890	2.4	Saudi Arabia	48559	2.5
10	Thailand	13992	2.1	South Africa	44645	2.3
11	Philippines	12870	2.0	Russian Federation	41625	2.1
12	Saudi Arabia	12246	1.9	Switzerland	40617	2.1
13	Hong Kong, China	12225	1.9	Thailand	38391	2.0
14	Brazil	9993	1.5	Angola	31097	1.6
15	India	9766	1.5	Singapore	30805	1.6
16	France	9017	1.4	Iran	27488	1.4
17	Indonesia	8437	1.3	France	27105	1.4
18	Canada	7511	1.1	Canada	25233	1.3
19	Italy	6925	1.0	Indonesia	24524	1.2
20	Iran	6787	1.0	Oman	23802	1.2
21	Angola	6582	1.0	UK	23741	1.2
22	UK	5524	0.8	Chile	21120	1.1
23	Chile	4992	0.8	Philippines	20998	1.1
24	Oman	4139	0.6	Iraq	20745	1.1
25	Belgium	4005	0.6	Viet Nam	19930	1.0
26	Switzerland	3890	0.6	Italy	19290	1.0
27	Argentina	3799	0.6	India	16386	0.8

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

China's Trade Balance with Major Trading Partners

China maintains a healthy trade balance (surplus) with major trading partners, which has increased over the years from US\$ 102 bn in 2005 to US\$ 380.7 bn in 2014.

Hong Kong and USA are the leading trading partners with which China maintains the largest

trade surplus. In 2014, China's trade surplus with Hong Kong amounted to US\$ 350.3 bn, up from US\$ 112.2 bn in 2005, while China's trade surplus with USA has also risen from US\$ 114.4 bn in 2005 to US\$ 237 bn in 2014 (**Table 1.6**). In the case of India, China maintains a trade surplus which has increased from US\$ -0.8 bn in 2005 to US\$ 37.9 bn in 2014.

Table 1.6: China's Trade Balance (Trade Surplus) with Major Trading Partners, 2005-2014 (US\$ bn)

Partners	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
World	102.0	177.5	263.9	298.1	196.1	181.8	155.0	230.6	259.0	380.7
Hong Kong, China	112.2	144.5	171.6	177.8	157.5	206.0	252.5	305.5	368.3	350.3
USA	114.4	144.5	163.6	171.3	143.5	181.0	201.9	218.7	215.7	237.0
Netherlands	22.9	27.2	36.5	40.6	31.6	43.2	50.8	50.2	50.5	55.6
Viet Nam	3.1	5.0	8.7	10.8	11.6	16.1	18.0	18.0	31.7	43.7
India	-0.8	4.3	9.4	11.3	16.0	20.1	27.2	28.9	31.5	37.9
UK	13.5	17.7	23.9	26.5	23.4	27.5	29.6	29.5	31.9	33.4
United Arab Emirates	6.7	8.6	14.1	19.0	16.0	16.8	18.5	18.7	20.6	23.3
Mexico	3.3	6.2	8.5	10.2	8.4	11.0	14.6	18.4	18.7	21.0
Singapore	0.1	5.5	12.4	12.1	12.3	7.6	7.4	12.2	15.8	18.0
Turkey	3.6	6.5	9.2	8.6	6.6	8.8	12.5	12.1	13.3	15.6
Spain	6.4	8.5	12.2	15.4	9.8	11.9	12.2	11.9	13.0	15.3
Indonesia	-0.1	-0.2	0.2	2.9	1.1	1.2	-2.1	2.3	5.5	14.5

Source: ITC, Geneva, based on UN COMTRADE statistics

Major Export Items and Share in Global Exports

Underlying the emergence of China as the world's leading exporter is the fact that China is now the leading global exporter of major export items. **Table 1.7** highlights China's major global export items and their share in global exports. Amongst the top 25 items in China's exports basket, China accounts for the top share in global exports of 18 items, viz:

- Electrical and electronic equipment
- Machinery and boilers
- Furniture, lighting and signs
- Articles of apparel, accessories, knit or crochet
- Articles of apparel, accessories, not knit or crochet
- Articles of iron or steel
- Footwear and gaiters
- Iron and steel
- Organic chemicals
- Toys, games, sports requisites
- Articles of leather, animal gut, harness, travel goods

- Other made textile articles, sets, worn clothing
- Rubber and articles
- Aluminium and articles
- Ceramic products
- Miscellaneous articles of base metal
- Manmade filaments
- Cotton

China is also the second largest global exporter of:

- Optical, photo, technical, medical, apparatus
- Plastics and articles
- Ships, boats and other floating structures
- Paper and paperboard, articles of pulp, paper and board

As can be assessed from **Table 1.7**, except in case of 5 items viz. optical, photo, technical, medical, apparatus (HS-90), plastics and articles (HS-39), vehicles other than railway and tramway (HS-87), organic chemicals (HS-29) and mineral products (HS-27), China maintain a significant surplus with respect to its major trade items, with the result that China maintains a healthy overall trade surplus amounting to US\$ 381 bn in 2014.

Table 1.7: China's Major (Top 25) Export Items and Share in Global Exports, 2014

HS Product Code	Product Label	Exports (US\$ mn)	Trade Balance (US\$ bn)	Share in World Exports (%)	Ranking in World Exports
	All products	2342808	381	12.5	1
85	Electrical, electronic equipment	571046	146	24.0	1
84	Machinery and boilers	400911	221	18.7	1
94	Furniture, lighting and signs	93391	90	38.3	1
61	Articles of apparel, accessories, knit or crochet	92003	90	38.5	1
62	Articles of apparel, accessories, not knit or crochet	81453	78	34.8	1
90	Optical, photo, technical, medical, apparatus	74020	-32	13.0	2
39	Plastics and articles thereof	66816	-8	10.8	2
87	Vehicles other than railway, tramway	64244	-25	4.6	6
71	Pearls, precious stones and metals	63212	21	10.3	3
73	Articles of iron or steel	60685	49	19.2	1
64	Footwear and gaiters	56253	54	39.2	1
72	Iron and steel	55490	34	13.5	1
29	Organic chemicals	45451	-15	10.6	1
95	Toys, games, sports requisites	38559	36	40.7	1
27	Mineral products	34081	-283	1.1	29
42	Articles of leather, animal gut, harness, travel goods	30371	28	39.7	1
63	Other made textile articles, sets, worn clothing	28486	28	43.9	1
89	Ships, boats and other floating structures	25209	24	19.6	2
40	Rubber and articles thereof	23606	6	12.4	1
76	Aluminium and articles thereof	22619	15	12.9	1
69	Ceramic products	22076	21	40.7	1
48	Paper and paperboard, articles of pulp, paper and board	17840	14	10.3	2
83	Miscellaneous articles of base metal	17187	15	25.8	1
54	Manmade filaments	16884	13	33.8	1
52	Cotton	16308	4	25.8	1

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Major Import Items and Share in Global Imports

As in case with exports, underlying the emergence of China as a leading global importer is the fact that China accounts for a leading share in major global import items (**Table 1.8**), of its top 25 import items, China is the world's leading importer of 12 items viz.

- Electrical, electronic equipment
- Ores, slag and ash
- Optical, photo, technical, medical, apparatus
- Plastics and articles
- Organic chemicals
- Copper and articles
- Oil seed, oleagious fruits, grain, seeds and fruits

- Wood and articles of wood, wood charcoal
- Pulp of wood, fibrous cellulosic material
- Miscellaneous chemical products
- Cotton
- Raw hides and skins (other than fur skins) and leather

Further, China is also the second largest global importer of these items viz.

- Mineral fuels, oils, and distillation products
- Machinery and boilers
- Inorganic chemicals, precious metal compound
- Animal, vegetable fats and oils

Table 1.8: China's Major (Top 25) Import Items and Share in Global Imports, 2014

HS Product Code	Product Label	Imports (US\$ mn)	Share in World imports (%)	Ranking in World imports
	All products	1962086	10.4	2
85	Electrical, electronic equipment	425097	16.7	1
27	Mineral fuels, oils, and distillation products	316661	10.2	2
84	Machinery and boilers	179632	8.3	2
26	Ores, slag and ash	135976	51.9	1
90	Optical, photo, technical, medical, apparatus	105775	18.8	1
87	Vehicles other than railway, tramway	89491	6.4	3
39	Plastics and articles thereof	75196	12.1	1
29	Organic chemicals	60552	13.1	1
74	Copper and articles thereof	47502	29.9	1
12	Oil seed, Oleagic fruits, grain, seed and fruit	45923	42.2	1
71	Pearls, precious stones, and metals	41899	7.9	4
88	Aircraft, spacecraft, and parts thereof	28487	12.1	4
44	Wood and articles of wood, wood charcoal	22773	15.8	1
72	Iron and steel	21179	5.1	4
30	Pharmaceutical products	17745	3.4	10
47	Pulp of wood, fibrous cellulosic material	17412	33.5	1
40	Rubber and articles thereof	17379	8.6	3
38	Miscellaneous chemical products	16811	8.6	1
52	Cotton	12759	21.8	1
73	Articles of iron or steel	11798	3.7	3
28	Inorganic chemicals, precious metal compound	10392	8.2	2
15	Animal, vegetable fats and oils	9122	9.3	2
41	Raw hides and skins (other than fur skins) and leather	8259	23.1	1
76	Aluminium and articles thereof	8040	4.6	5
70	Glass and glassware	7330	9.8	2

Source: ITC, Geneva, based on UN COMTRADE statistics

2. CHINA'S TRADE WITH INDIA

Reflecting the synergy in bilateral trade relations, total trade (exports + imports) between India and China has risen almost four-fold, from US\$ 18.7 bn in 2005 to US\$ 70.6 bn in 2014, underlined by rise in both China's export to as also imports from India (**Table 2.1 & Chart 2.1**).

During the period 2005-2014, China's exports to India have risen from US\$ 8.9 bn in 2005 to US\$ 54.2 bn in 2014. As a result India's share in China's global exports has risen from 1.2% in 2005 to touch 2.3% in 2014. During the decade 2005-2014, China's exports to India grew at a compound annual growth rate (CAGR) of 22.2%.

During the same period China's imports from India have also risen from US\$ 9.8 bn in 2005 to touch US\$ 16.4 bn in 2014. China's imports from India have witnessed a consistent fall from 2011 onwards, decreasing from a peak of US\$ 23.4 bn to US\$ 16.4 bn in 2014. As a result, India's share in China's global imports reduced significantly from 1.5% in 2010 to 0.8% in 2014. Imports grew at a CAGR of 5.9%.

Reflecting on the higher growth in China's export to India, as compared to growth in imports from India, China's trade balance (surplus) with India has witnessed a sharp rise during the period since 2005 from US\$ -0.8 bn to touch almost US\$ 38 bn in 2014.

Table 2.1: China's Trade with India, 2005-2014 (US\$ bn)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	CAGR (2005-2014)
China's Exports to India	8.9	14.6	24.1	31.6	29.7	40.9	50.5	47.7	48.4	54.2	22.2
<i>India Share in China's Global Exports (%)</i>	1.2	1.5	2.0	2.2	2.5	2.6	2.7	2.3	2.2	2.3	
China's Imports from India	9.8	10.3	14.6	20.3	13.7	20.8	23.4	18.8	17.0	16.4	5.9
<i>India Share in China's Global Imports (%)</i>	1.5	1.3	1.5	1.8	1.4	1.5	1.3	1.0	0.9	0.8	
China's Total Trade with India	18.7	24.9	38.7	51.8	43.4	61.8	73.9	66.5	65.4	70.6	
China's Trade Balance with India	-0.8	4.3	9.4	11.3	16.0	20.1	27.2	28.9	31.5	37.9	

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank Analysis

Chart 2.1: China's Trade with India, 2005-2014 (US\$ bn)



Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank Analysis

China's Export to India – Major Commodities

Electrical and electronic equipments, and machinery and boilers are the two largest items of China's exports to India, with a combined share of close to 39% of China's total exports to India during 2014 (**Table 2.2**).

China's export of these two items to India have, in fact, registered a significant rise in recent years, as a result of which China's trade surplus with India for these two items is as high as US\$ 7.8 bn in the case of electrical and electronic equipments, and US\$ 7.5 bn in the case of machinery and boilers.

Other major items of China's export to India include: organic chemicals, fertilizers, iron and steel, plastic and articles, articles of iron or steel. As can be seen from the **Table 2.2**, China also maintains a significant trade surplus with India, with respect to these export items. Moreover,

while China experienced a substantial trade deficit with regard to products such as fertilizers, iron and steel, furniture and lighting, aluminium and articles, and inorganic chemicals and precious metal compound in 2005, its trade balance for these products witnessed a relatively large surplus in 2014 on accounts of China's increasing exports to India.

For these major items, India has emerged as a leading export destination for China. For instance, India is the largest market for exports of organic chemicals (13.7% share in 2014) and fertilizers (26.2% share in 2014); 4th largest market for exports of plastic and articles (3.3% share in 2014); 6th largest market for exports of machinery and boilers (2.5% share in 2014) and iron and steel (4.2% share in 2014); 10th largest market for exports of electrical and electronics equipments (1.9% share in 2014); and 11th largest market for exports of articles of iron and steel (2.5% share in 2014).

Table 2.2: China's Major (Top 20) Exports to India, 2005 & 2014 and Trade Balance

HS Product Code	Product Label	2005			2014		
		(US\$ mn)	% Share	Trade Balance (US\$ mn)	(US\$ mn)	% Share	Trade Balance (US\$ mn)
	All products	8934	100.0	-832	54237	100.0	37850
85	Electrical, electronic equipment	1800	20.1	1525	10982	20.2	7764
84	Machinery and boilers	1543	17.3	1261	10063	18.6	7540
29	Organic chemicals	1189	13.3	1057	6241	11.5	3892
31	Fertilizers	16	0.2	-5493	2339	4.3	1012
72	Iron and steel	259	2.9	-239	2334	4.3	1275
39	Plastics and articles thereof	196	2.2	-75	2239	4.1	1280
73	Articles of iron or steel	225	2.5	2	1542	2.8	902
94	Furniture, lighting and signs	74	0.8	-345	1474	2.7	974
90	Optical, photo, technical, medical apparatus	159	1.8	55	1416	2.6	976
87	Vehicles other than railway, tramway	87	1.0	-38	1216	2.2	783
27	Mineral fuels, oils, distillation products, etc	509	5.7	454	791	1.5	518
59	Impregnated, coated or laminated textile fabric	314	3.5	257	778	1.4	553
76	Aluminium and articles thereof	52	0.6	-318	681	1.3	465
28	Inorganic chemicals, precious metal compound	164	1.8	-713	651	1.2	443
69	Ceramic products	90	1.0	38	609	1.1	404
70	Glass and glassware	98	1.1	72	565	1.0	420
64	Footwear and gaiters	32	0.4	-23	552	1.0	411
63	Other made textile articles, sets, worn clothing	29	0.3	-28	503	0.9	371
48	Paper and paperboard, articles of pulp, paper and board	49	0.5	-7	471	0.9	360
60	Knitted or crocheted fabric	40	0.4	22	438	0.8	349

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank Analysis

China's Imports from India – Major Commodities

Table 2.3 presents China's major items of imports from India. Three items, viz. cotton; pearls, precious stones and metals; and copper and articles dominate China's imports from India, together accounting for almost half of China's total imports from India during 2014, (with a share of 19.6%, 15.4% and 14.3% respectively). Other major items of China's import from India include: ores, slag and ash; organic chemicals; and salt, sulphur, stone, and cement, among others.

As in case with exports, India has emerged as an important global import source for China. Among China's major import items globally, India has emerged as the leading global source for China's import of cotton in 2014 (accounting for 25.2% share of China's imports); 2nd largest source for import of salt, sulphur, stone, and cement (15.4% share); 4th largest source for import of pearls, precious stones and metals (6% share); 7th largest source for import of copper and article (4.9% share); 12th largest source for import of organic chemicals (1.7% share); and 15th largest source for import of ores, slag and ash (1% share).

Table 2.3: China's Major (Top 20) Imports from India, 2005 & 2014

HS Product Code	Product Label	2005		2014	
		US\$ mn	% Share	US\$ mn	% Share
	All products	9766	100.0	16386	100.0
52	Cotton	275	2.8	3218	19.6
71	Pearls, precious stones and metals	282	2.9	2523	15.4
74	Copper and articles thereof	132	1.3	2349	14.3
26	Ores, slag and ash	5509	56.4	1327	8.1
29	Organic chemicals	498	5.1	1058	6.5
25	Salt, sulphur, stone, plaster, lime and cement	271	2.8	959	5.9
84	Machinery and boilers	224	2.3	640	3.9
39	Plastics and articles thereof	420	4.3	500	3.0
85	Electrical, electronic equipment	104	1.1	440	2.7
41	Raw hides and skins (other than fur skins) and leather	125	1.3	433	2.6
15	Animal, vegetable fats and oils	55	0.6	274	1.7
27	Mineral products	56	0.6	224	1.4
28	Inorganic chemicals, precious metal compound	370	3.8	216	1.3
72	Iron and steel	878	9.0	207	1.3
67	Bird skin, feathers, artificial flowers	52	0.5	204	1.2
38	Miscellaneous chemical products	26	0.3	144	0.9
32	Tanning, dyeing extracts, tannins, pigments	55	0.6	141	0.9
90	Optical, photo, technical, medical, apparatus	57	0.6	132	0.8
3	Fish, crustaceans, molluscs, aquatic invertebrates	57	0.6	110	0.7
33	Essential oils, perfumes, cosmetics, toiletries	17	0.2	90	0.5

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank Analysis

3. POTENTIAL AREAS FOR ENHANCING BILATERAL TRADE RELATIONS

As highlighted in the previous chapter, bilateral trade relations between India and China have witnessed a significant rise in recent years, with total bilateral trade (exports plus imports) having risen from US\$ 18.7 bn in 2005 to as much as US\$ 70.6 bn in 2014.

Reflecting on the higher growth in China's export to India as compared to growth in imports from India, China's trade balance with India has witnessed a sharp rise from a deficit of US\$ 0.8 bn in 2005 to amount to a surplus of US\$ 37.9 bn in 2014.

India has emerged as one of the major destinations for China's exports. In 2014, India was the 9th largest export market for China, up from the 16th position in 2005. However, as regards China's global imports, India ranks at a relatively low position of 27 in 2014, as compared to the 16th position in 2005.

To enhance bilateral trade relations, and in particular to address India's rising trade deficit with China, strategy to boost trade relations with China would entail identification of potential items of India's exports to China, which would be based on the following analysis:

- Identification of major items in China's import basket, and share of India in each product line (based on HS-commodity code);
- Selection of potential export items based on low share of India in China's import basket of major commodities, keeping in view India's global export capabilities. This would entail identification of potential export items under each product category, upto the 6-digit HS-commodity code.

Table 3.1 presents China's major import items, in terms of 2-digit HS-commodity code, and India's share in China's global imports of these 25 items. As can be seen from the table, India has achieved a relatively healthy share in China's global imports of cotton (accounting for a share of 25.2%); pearls, precious stones and metals (6% share); copper and articles (4.9%); tanning, dyeing extracts, tannins, pigments (3.2%); article of apparel, accessories, not knit or crochet (1.9%) in 2014. India accounts for a moderate share of 1.7% each in China's imports of organic chemicals and fish, crustaceans, molluscs, aquatic invertebrates.

However, India's share in China's global imports of most other major items is still marginal, which would serve to highlight the potential of further enhance these exports to China, in line with the huge import demand with China. At the same time, some of these items are amongst India's leading export items in the global market, which highlights India's export capability of these items.

Based on the above criteria, considering India's global export capability and China's import demand, potential items of export to China from India would include:

- Electrical, electronic equipment (HS-85)
- Petroleum products (HS-27)
- Machinery and boilers (HS-84)
- Optical, photo, technical, medical apparatus (HS-90)
- Vehicles other than railway, tramway (HS-87)
- Plastics and articles (HS-39)

Table 3.1: China's Major Global Imports and India's Share, 2014

HS Product Code	Product Label	China's Import from World	China's Import from India		India's Export to World	
		US\$ mn	US\$ mn	India's Share in China's World Imports, %	US\$ mn	China's Share in India's Exports to World, %
TOTAL	All products	1962086	16386	0.8	317545	5.2
85	Electrical, electronic equipment	425097	440	0.1	9002	4.9
27	Mineral fuels, oils and distillation products	316661	224	0.1	62349	0.4
84	Machinery and boilers	179632	640	0.4	13596	4.7
90	Optical, photo, technical, medical apparatus	105775	132	0.1	2335	5.6
87	Vehicles other than railway, tramway	89491	78	0.1	14482	0.5
39	Plastics and articles thereof	75196	500	0.7	5398	9.3
29	Organic chemicals	60552	1058	1.7	12035	8.8
74	Copper and articles thereof	47502	2349	4.9	3456	68.0
12	Oil seed, Oleagic fruits, grain, seed and fruit	45923	63	0.1	2151	2.9
71	Pearls, precious stones and metals	41899	2523	6.0	40704	6.2
88	Aircraft, spacecraft, and parts thereof	28487	-	-	6721	-
72	Iron and steel	21179	207	1.0	9081	2.3
30	Pharmaceutical products	17745	19	0.1	11663	0.2
40	Rubber and articles thereof	17379	36	0.2	2763	1.3
38	Miscellaneous chemical products	16811	144	0.9	3164	4.6
52	Cotton	12759	3218	25.2	8884	36.2
73	Articles of iron or steel	11798	77	0.7	7519	1.0
76	Aluminium and articles thereof	8040	47	0.6	2583	1.8
3	Fish, crustaceans, molluscs, aquatic invertebrates	6588	110	1.7	5359	2.1
10	Cereals	6175	1	-	10059	0.01
2	Meat and edible meat offal	5841	-	-	5076	-
32	Tanning, dyeing extracts, tannins, pigments	4458	141	3.2	2907	4.9
23	Residues of food industry, animal fodder	3983	14	0.4	2043	0.7
62	Articles of apparel, accessories, not knit or crochet	3559	68	1.9	9056	0.7
54	Manmade filaments	3535	11	0.3	2505	0.4

Note: Data reflects those products for which India's global exports are US\$ 2 bn and above

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

- Oil seed, Oleagic fruits, grain, seed and fruit (HS-12)
- Aircraft, spacecraft, and parts (HS-88)
- Iron and steel (HS-72)
- Pharmaceutical products (HS-30)
- Rubber and articles (HS-40)
- Miscellaneous chemical products (HS-38)
- Articles of iron or steel (HS-73)
- Aluminium and articles (HS-76)
- Cereals (HS-10)
- Meat and edible meat offal (HS-2)
- Residues of food industry, animal fodder (HS-23)
- Manmade filaments (HS-54)

As indicated above, while there is potential to export the following products from India to China, however the scope to significantly enhance exports of these products to China could be constrained from the supply side.

- Optical, photo, technical, medical apparatus (HS-90)
- Oil seed, Oleagic fruits, grain, seed and fruit (HS-12)
- Rubber and articles (HS-40)
- Aluminium and articles (HS-76)

- Tanning, dyeing extracts, tannins, pigments (HS-32)
- Residues of food industry, animal fodder (HS-23)
- Manmade filaments (HS-54)

Based on analysis of the above table, potential export items under each identified category, up to the 6-digit HS commodity code have been identified and have been presented in the following tables:

Brief Analysis of China's Major Imports and India's Potential Export Items

Electrical & Electronic Equipment (HS-85)

Besides being the world's largest exporter, China is also the leading global importer of electrical and electronic equipment, accounting for 16.7% of global imports. China's import of these items have risen from US\$ 175 bn in 2005 to as much as US\$ 425 bn in 2014, with the major suppliers being Chinese Taipei, Republic of Korea, Japan, Malaysia, USA, and Germany (**Table 3.2**).

India's export of electrical and electronic equipments to China have also risen from US\$ 104 mn in 2005 to US\$ 440 mn in 2014, accounting for a marginal 0.1% of China's global import, highlighting the potential to further export these items to China. At the same time, India's global export of these items amounted to US\$ 9 bn, which reflects the global export capability of Indian exporters.

Table 3.2: China's Imports of Electrical, Electronic Equipment (HS-85) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	174835	100.0	425097	100.0
Taipei, Chinese	28877	16.5	87491	20.6
Republic of Korea	25774	14.7	76724	18.0
Japan	29827	17.1	40674	9.6
Malaysia	12664	7.2	32249	7.6
USA	8510	4.9	21553	5.1
Germany	4440	2.5	13225	3.1
Philippines	9146	5.2	9378	2.2
Singapore	6370	3.6	8996	2.1
Viet Nam	103	0.1	8296	2.0
Thailand	3706	2.1	7339	1.7
Costa Rica	904	0.5	4040	1.0
Mexico	781	0.4	3216	0.8
France	2105	1.2	2220	0.5
Hong Kong, China	4478	2.6	1543	0.4
Italy	790	0.5	1339	0.3
India	104	0.06	440	0.1

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

According to 6-digit HS commodity code, potential items of export to China, based on China's import

demand and India's export capabilities, have been presented in **Table 3.3**.

Table 3.3: Electrical, Electronic Equipment (HS-85) - Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
851770	Parts of telephone sets, telephones for cellular networks or for other	36708	79.7	0.2	502
853400	Printed circuits	13445	4.1	0.03	151
854140	Photosensitive semi conduct device, photovoltaic cells & light emit diodes	10405	0.5	0.005	175
853690	Electrical app for switching/protect electrical circuits, not exceed 1,000 V	9061	33.1	0.4	202
852990	Parts suitable for use solely/princ with the app of headings 85.25 to 85.28	7886	6.8	0.1	134
850440	Static converters	7392	65.1	0.9	453
851762	Machines for the reception, conversion and transmission or regeneration	5144	1.2	0.02	136
853710	Boards, panels, including numerical control panels, for a voltage ≤1000 V	4571	13.3	0.3	322
853890	Parts for use with the apparatus of heading no. 85.35, 85.36 or 85.37	4208	30.5	0.7	337

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Mineral Fuels, Oils and Distillation Products (HS-27)

China is the world's second largest importer, after the USA, of mineral fuels, oils and distillation products, with total imports amounting to US\$ 317 bn in 2014. Major import sources for China include Saudi Arabia, Angola, Russian Federation, Oman, Iran, Iraq, United Arab Emirates, Australia, Venezuela, Republic of Korea, and Turkmenistan, among others (Table 3.4).

While India's exports of petroleum products to China have risen from US\$ 56 mn in 2005 to US\$ 224 mn in 2014, potential exist to further enhance exports of petroleum products, in line

with the demand in China. In light of these, the potential items of exports under this category, according to 6-digit HS commodity code, have been presented in (Table 3.5).

Machinery and Boilers (HS-84)

Machinery and boilers are the third largest items in China's import basket, amounting to US\$ 180 bn in 2014. China is also the world's second largest importer of these items after the USA. The major sources for China's imports of these items are Japan, Germany, Republic of Korea, USA, Chinese Taipei, Thailand, Italy, and Philippines, among others (Table 3.6).

Table 3.4: China's Imports of Mineral Fuels, Oils and Distillation Products (HS-27) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	64089	100.0	316661	100.0
Saudi Arabia	9285	14.5	37870	12.0
Angola	6576	10.3	31052	9.8
Russian Federation	6555	10.2	29751	9.4
Oman	4106	6.4	22775	7.2
Iran	6065	9.5	21154	6.7
Iraq	415	0.6	20743	6.6
United Arab Emirates	1743	2.7	12923	4.1
Australia	1115	1.7	11833	3.7
Venezuela	713	1.1	10940	3.5
Republic of Korea	3506	5.5	9545	3.0
Turkmenistan	-	-	9441	3.0
Indonesia	2000	3.1	8394	2.7
Kuwait	732	1.1	8333	2.6
Qatar	184	0.3	7169	2.3
Colombia	-	-	7070	2.2
India	56	0.1	224	0.1

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Table 3.5: Mineral Fuels, Oils and Distillation Products (HS-27) - Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
271019	Other petroleum oils and preparations	19498	3.3	0.02	40682
271012	Light petroleum oils and preparations	3747	212.3	5.7	19743
270799	Oils & other products of the distillation of high temperature coal tar	624	-	-	457
271020	Petroleum oils and oils obtained from bituminous minerals (other than crude) and preparation	158	-	-	121

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Table 3.6: China's Imports of Machinery and Boilers (HS-84) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	96284	100.0	179632	100.0
Japan	21563	22.4	30380	16.9
Germany	12079	12.5	26425	14.7
Republic of Korea	7324	7.6	17515	9.8
USA	8330	8.7	16840	9.4
Taipei, Chinese	7274	7.6	10697	6.0
Thailand	3845	4.0	7108	4.0
Italy	2907	3.0	5585	3.1
Philippines	2484	2.6	5023	2.8
Singapore	3494	3.6	4178	2.3
France	1442	1.5	3965	2.2
Malaysia	1725	1.8	3825	2.1
UK	1494	1.6	2583	1.4
Switzerland	1144	1.2	2461	1.4
Netherlands	520	0.5	1859	1.0
Sweden	810	0.8	1635	0.9
India	224	0.2	640	0.4

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

While India's global exports of these items amounted to US\$ 13.6 bn in 2014, India's exports of these items to China amounted to a modest US\$ 640 mn in 2014, accounting for a marginal 0.4% of China's global Imports, increasing from US\$ 224 mn in 2005.

Based on India's global export capability, and in line with the demand in China, potential items of exports under this category according to the 6-digit HS commodity code have been presented in **Table 3.7**.

Table 3.7: Machinery and Boilers (HS-84) - Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
847330	Parts & accessories of automatic data processing machines & units thereof	18935	6.0	0.03	116
847989	Machines & mechanical appliances having individual functions	6989	3.6	0.1	344
848180	Taps, cocks, valves and similar appliances	4101	77.2	1.9	718
840991	Parts for spark-ignition type engines	3067	39.9	1.3	283
840734	Engines, spark-ignition reciprocating displacing more than 1000 cc	2086	0.02	0.001	166
848340	Gears & gearing, ball screws, gear boxes, speed changers/torque converters	2058	52.0	2.5	155
840890	Engines, diesel	1950	63.6	3.3	312
841480	Air or gas compressors, hoods	1745	14.7	0.8	327
848390	Parts of power transmission equipment/other goods used to transmit power	1708	17.1	1.0	124

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Optical, Photo, Technical and Medical Apparatus (HS-90)

China imports of optical, photo, technical and medical apparatus, which are among its major

import items, amounted to US\$ 106 bn in 2014 up from US\$ 50 bn in 2005. The major sources for China's imports of these items in 2014 are Republic of Korea, Chinese Taipei, Japan, USA, and Germany. (**Table 3.8**)

Table 3.8: China's Imports of Optical, Photo, Technical, Medical Apparatus (HS-90) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	49963	100.0	105775	100.0
Republic of Korea	11385	22.8	22312	21.1
Taipei, Chinese	12033	24.1	18130	17.1
Japan	8702	17.4	16547	15.6
USA	3814	7.6	11387	10.8
Germany	2038	4.1	8639	8.2
Singapore	447	0.9	1389	1.3
UK	537	1.1	1364	1.3
Switzerland	296	0.6	1267	1.2
France	423	0.8	1232	1.2
Malaysia	251	0.5	1181	1.1
Thailand	188	0.4	1130	1.1
Italy	237	0.5	934	0.9
Ireland	85	0.2	733	0.7
Netherlands	372	0.7	595	0.6
Mexico	48	0.1	572	0.5
India	57	0.1	132	0.1

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

While India's global exports of these items amounted to US\$ 2.3 bn in 2014, China's import of these items from India amounted to a modest US\$ 132 mn in 2014, accounting for a marginal 0.1% share of China's global Imports.

Based on India's global export capability, and in line with the demand in China, potential items of exports under this category according to the 6-digit HS commodity code have been presented in **Table 3.9**.

Table 3.9: Optical, Photo, Technical, Medical Apparatus (HS-90) - Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
903289	Automatic regulating or controlling instruments and apparatus	4072	14.1	0.3	160
901890	Instruments and appliances used in medical or veterinary sciences	1910	0.2	0.01	209
901839	Needles, catheters, cannulae and the like	1062	0.6	0.06	221

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Vehicles other than Railway, Tramway (HS-87)

Transport vehicles other than railway and tramway are the sixth largest item in China's import basket, accounting US\$ 89.5 bn in 2014. The major sources for China include Germany, Japan, USA,

UK, Republic of Korea, Slovakia, and Mexico among others (**Table 3.10**). China's imports from countries such as UK, Slovakia, Mexico, Belgium have shown a substantial increase over the last decade.

Table 3.10: China's Imports of Vehicles other than Railway, Tramway (HS-87) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	12309	100.0	89491	100.0
Germany	2924	23.8	27395	30.6
Japan	4254	34.6	15970	17.8
USA	859	7.0	14167	15.8
UK	214	1.7	10475	11.7
Republic of Korea	2091	17.0	5712	6.4
Slovakia	67	0.5	2754	3.1
Mexico	66	0.5	2495	2.8
Belgium	53	0.4	1560	1.7
Italy	69	0.6	1251	1.4
France	334	2.7	1075	1.2
Austria	57	0.5	876	1.0
Canada	128	1.0	733	0.8
Sweden	267	2.2	608	0.7
Hungary	32	0.3	597	0.7
Portugal	1	-	586	0.7
India	9	0.1	78	0.1

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

India's export of these items to China have risen from US\$ 9 mn in 2005 to US\$ 78 mn in 2014, accounting for a marginal of 0.1% share of China's global market, while India's global export of these

items stood at US\$ 14.5 bn in 2014. Potential items of exports under this category according to the 6-digit HS commodity code have been presented in **Table 3.11**.

Table 3.11: Vehicles other than Railway, Tramway (HS-87) - Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
870323	Automobiles with reciprocating piston engine displacing > 1500 cc to 3000 cc	48719	-	-	836
870840	Transmissions for motor vehicles	11985	11.8	0.1	331
870899	Motor vehicle parts	2303	14.2	1	2696
870830	Brakes and servo-brakes and their parts, for tractors, motor vehicles	1143	11.7	1	157
870322	Automobiles with reciprocating piston engine displacing > 1000 cc to 1500 cc	924	0.2	0.02	3237
870850	Drive axles with differential for motor vehicles	849	2.7	0.3	185
870810	Bumpers and parts for motor vehicles	403	0.03	0.01	209

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Plastics and Articles (HS-39)

Plastic and articles are the seventh largest item in China's import basket, with total imports US\$ 75.2 bn in 2014. Major suppliers of these items to China are Republic of Korea, Chinese Taipei, and Japan, which together accounted for 43% of

China's global imports of product in 2014. USA, Singapore, Saudi Arabia, Thailand, Germany are among the leading suppliers to China. India's exports of these items to China have witnessed a modest growth from US\$ 420 mn in 2005 to US\$ 500 mn in 2014, accounted for a marginal share of 0.7% of China's total imports (**Table 3.12**).

Table 3.12: China's Imports of Plastics and Articles (HS-39) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	33308	100.0	75196	100.0
Republic of Korea	5848	17.6	12460	16.6
Taipei, Chinese	6345	19.1	10053	13.4
Japan	5348	16.1	9985	13.3
USA	2825	8.5	6803	9.0
Singapore	1746	5.2	4212	5.6
Saudi Arabia	1062	3.2	4096	5.4
Thailand	1405	4.2	3855	5.1
Germany	1247	3.7	3377	4.5
Iran	59	0.2	2428	3.2
Malaysia	868	2.6	1600	2.1
Hong Kong, China	1267	3.8	1517	2.0
United Arab Emirates	148	0.4	1500	2.0
Belgium	459	1.4	1177	1.6
Netherlands	280	0.8	906	1.2
Qatar	244	0.7	764	1.0
India	420	1.3	500	0.7

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

According to 6-digit HS commodity code, potential items of exports to China based on demand in

China and India's export capability, have been presented in **Table 3.13**.

Table 3.13: Plastics and Articles (HS-39)- Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
392062	Film and sheet, non-cellular of polyethylene terephthalates	3002	17.7	0.6	247
392690	Articles of plastics or of other materials of Nos 39.01 to 39.14	2927	7.6	0.3	507
390319	Polystyrene	1386	3.3	0.2	105

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Oil Seed, Oleagic Fruits, Grain, Seed, Fruit (HS-12)

China's imports of oil seed, oleagic fruits, grain, seed, fruit amounted to US\$ 45.9 bn in 2014 up from US\$ 8.2 bn in 2005. Major suppliers of these items to China are primarily Brazil and USA which

together alone accounted for as much as 77% of China's global import. Other major suppliers include Argentina, Canada, Uruguay, and Ethiopia, among others. India's exports of these items to China have risen from US\$ 13 mn in 2005 to US\$ 63 mn in 2014, with a marginal share of 0.1% of China's total imports (**Table 3.14**).

Table 3.14: China's Imports of Oil Seed, Oleagic Fruits, Grain, Seed, Fruit (HS-12) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	8159	100.0	45923	100.0
Brazil	2381	29.2	18751	40.8
USA	3199	39.2	16818	36.6
Argentina	2180	26.7	3376	7.4
Canada	86	1.1	3151	6.9
Uruguay	53	0.7	1369	3.0
Ethiopia	67	0.8	405	0.9
Australia	20	0.2	372	0.8
Indonesia	14	0.2	203	0.4
Tanzania	14	0.2	163	0.4
Sudan (North + South)	19	0.2	102	0.2
Togo	0	-	101	0.2
Chile	9	0.1	99	0.2
Mozambique	3	0.03	93	0.2
Uganda	2	0.03	72	0.2
Myanmar	6	0.1	67	0.1
India	13	0.2	63	0.1

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Potential items of exports to China as per 6-digit HS commodity code, are presented in **Table 3.15**.

Table 3.15 : Oil Seed, Oleagic Fruits, Grain, Seed, Fruit (HS-12) - Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
120190	Soya beans, whether or not broken (excl. seed for sowing)	40300	-	-	147
120740	Sesamum seeds, whether or not broken	1148	41.4	3.6	814
121190	Plants & pts of plants (incl. seed & fruit) used in pharmaceutical, perfumes, insecticides	170	6.2	3.6	239
120242	Groundnuts, shelled, whether or not broken (excl. seed for sowing, roasted or otherwise co)	29	10.2	35.3	658

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Aircraft, Spacecraft and Parts (HS-88)

Aircraft, spacecraft and parts are also among China's major import items, with total imports amounting to US\$ 28.5 bn in 2014 increasing from US\$ 6.6 bn in 2005. Among the major import

partners of these items for China, USA alone accounts for a predominant share of more than 54% followed by other countries such as France, and Germany. China's imports of these products from India have remained negotiable over the last decade. (Table 3.16)

Table 3.16: China's Imports of Aircraft, Spacecraft and Parts (HS-88) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	6561	100.0	28487	100.0
USA	3353	51.1	15517	54.5
France	1767	26.9	7455	26.2
Germany	1119	17.1	3798	13.3
UK	44	0.7	403	1.4
Canada	68	1.0	224	0.8
Brazil	22	0.3	184	0.6
Russian Federation	140	2.1	103	0.4
Italy	1	0.02	44	0.2
Netherlands	2	0.03	30	0.1
Taipei, Chinese	0.05	0.001	27	0.1
Republic of Korea	0.2	0.003	23	0.1
Ukraine	4	0.1	17	0.1
Switzerland	1	0.02	17	0.1
Austria	6	0.1	13	0.05
Singapore	5	0.1	13	0.05
India	-	-	0.02	-

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Given India's export capability and China's import demand, potential items of exports to China, as

per 6-digit HS commodity code are presented in **Table 3.17**.

Table 3.17 : Aircraft, Spacecraft and Parts (HS-88) - Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
880240	Aircraft of an unladen weight exceeding 15,000 kg	25159	-	-	3431
880330	Aircraft parts	2009	0.02	0.001	1251
880230	Aircraft nes of an unladen weight > 2,000 kg but not exceeding 15,000 kg	446	-	-	1627
880390	Parts of balloons, dirigibles, and spacecraft	41	-	-	165

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Iron and Steel (HS-72)

Major suppliers for China's import of iron and steel which amounted to US\$ 21 bn in 2014, include Japan and Republic of Korea, which accounts for around 57% of China's global imports of these products. Other major sources for China include

Chinese Taipei, South Africa, Germany, Brazil, Sweden, and Kazakhstan, among others. India's exports of these items to China have witnessed a sharp fall from US\$ 878 mn in 2005 to US\$ 207 mn in 2014, resulting in India's share in China's imports falling from 3.3% in 2005 to a marginal 1% in 2014 (**Table 3.18**).

Table 3.18: China's Imports of Iron and Steel (HS-72) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	26210	100.0	21179	100.0
Japan	6064	23.1	7681	36.3
Republic of Korea	4513	17.2	4314	20.4
Taipei, Chinese	4301	16.4	1842	8.7
South Africa	427	1.6	1322	6.2
Germany	764	2.9	1037	4.9
Brazil	531	2.0	619	2.9
Sweden	276	1.1	450	2.1
Kazakhstan	912	3.5	412	1.9
USA	1150	4.4	353	1.7
France	154	0.6	351	1.7
Myanmar	-	-	287	1.4
New Caledonia	78	0.3	273	1.3
Colombia	160	0.6	247	1.2
India	878	3.3	207	1.0
Belgium	204	0.8	180	0.8

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

According to 6-digit HS commodity code, potential items of exports to China are presented in **Table 3.19**.

Table 3.19 : Iron and Steel (HS-72) - Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
720241	Ferro-chromium containing by weight more than 4% of carbon	2060	175.6	8.5	498
721049	Flat rolled prod, l/nas, plated or coated with zinc, >=600mm wide	1393	0.02	-	993
720918	Cold rolled iron/steel, coils >600mm x <0.5mm	869	-	-	219
720917	Cold rolled iron/steel, coils >600mm x 0.5-1mm	798	0.03	-	125
720851	Hot roll iron/steel, not coil >600mm x >10mm	646	0.9	0.1	276
720838	Hot roll iron/steel, coil >600mm x 3-4.75mm	581	0.01	0.001	124
721070	Flat rolled products, i/nas, painted, varnished or plast coated, >=600mm wide	285	0.01	0.002	320

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Pharmaceutical Products (HS-30)

China's global imports of pharmaceutical products has witnessed a sharp rise from US\$ 1959 mn in 2005 to US\$ 17745 mn in 2014, with the major suppliers being Germany, USA, Italy, Switzerland,

France, and UK besides other. While India's global export of pharmaceutical products amounted to US\$ 11.7 bn in 2014, exports to China amounted to a modest US\$ 19 mn during the year, accounting for a marginal 0.1% share of China's global imports (**Table 3.20**).

Table 3.20: China's Imports of Pharmaceutical Products (HS-30) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	1959	100.0	17745	100.0
Germany	242	12.3	3772	21.3
USA	213	10.9	2519	14.2
Italy	141	7.2	1689	9.5
Switzerland	177	9.0	1433	8.1
France	196	10.0	1420	8.0
UK	147	7.5	1062	6.0
Sweden	41	2.1	879	5.0
Japan	152	7.7	733	4.1
Denmark	71	3.6	539	3.0
Ireland	65	3.3	510	2.9
Hong Kong, China	172	8.8	429	2.4
Australia	19	1.0	392	2.2
Belgium	68	3.5	339	1.9
Austria	40	2.0	339	1.9
Spain	46	2.3	309	1.7
India	3	0.2	19	0.1

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Potential items of exports to China (at 6-digit HS commodity code level) are identified in **Table 3.21**.

Table 3.21: Pharmaceutical Products (HS-30) - Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
300490	Medicaments, in dosage	8691	9.1	0.1	8289
300420	Antibiotics in dosage	1021	4.3	0.4	912
300431	Insulin, in dosage	694	-	-	108
300450	Vitamins and their derivatives, in dosage	295	-	-	251
300390	Medicaments, formulated, in bulk	197	1.0	0.5	265
300220	Vaccines, human use	187	-	-	578
300410	Penicillin's or streptomycin's and their derivatives, in dosage	158	-	-	609

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Rubber and Article (HS-40)

China's imports of rubber and articles amounted to US\$ 17 bn in 2014 increasing from US\$ 5.6 bn in 2005. The 3 largest suppliers of these items to China are Thailand, Malaysia, Japan, which

represents 52% of China's imports sources. Followed by USA, Republic of Korea, Indonesia, and Germany. India's export to China, have fallen from US\$ 39 mn in 2005 to US\$ 36 mn in 2014 with a consequent fall in India's share in China's global imports (**Table 3.22**).

Table 3.22: China's Imports of Rubber and Articles (HS-40) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	5585	100.0	17379	100.0
Thailand	970	17.4	5111	29.4
Malaysia	685	12.3	2011	11.6
Japan	781	14.0	1844	10.6
USA	410	7.3	1274	7.3
Republic of Korea	550	9.8	1160	6.7
Indonesia	402	7.2	1011	5.8
Germany	182	3.3	973	5.6
Viet Nam	170	3.0	546	3.1
Taipei, Chinese	442	7.9	396	2.3
France	119	2.1	371	2.1
Singapore	45	0.8	267	1.5
Russian Federation	227	4.1	229	1.3
UK	59	1.1	206	1.2
Belgium	65	1.2	204	1.2
Italy	47	0.8	174	1.0
India	39	0.7	36	0.2

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Based on India's export capability and China's import demand, potential items of exports to

China, according to 6-digit HS commodity code are presented in **Table 3.23**.

Table 3.23: Rubber and Articles (HS-40) - Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
401693	Gaskets, washers and other seals of vulcanised rubber	1345	5.1	0.4	68
401699	Articles of vulcanised rubber, other than hard rubber	829	3.2	0.4	213
401110	Pneumatic tire new of rubber for motor car including station wagons & racing cars	619	0.01	-	99
400510	Rubber compounded with carbon black or silica (unvulcanised)	617	0.3	0.05	66

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Miscellaneous Chemical Products (HS-38)

China's imports of miscellaneous chemical products have risen significantly, from US\$ 6 bn in 2005 to 16.8 bn in 2014.

In 2014, China accounted for 8.6% of global import,

with the major suppliers being the USA, Japan, Chinese Taipei, Republic of Korea, Indonesia, Germany, Singapore, and Malaysia. India's export to China, have risen from US\$ 26 mn in 2005 to US\$ 144 mn in 2014, however still account for a marginal share of less than 1% of China's global imports (**Table 3.24**)

Table 3.24: China's Imports of Miscellaneous Chemical Products (HS-38) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	6052	100.0	16811	100.0
USA	1160	19.2	3303	19.6
Japan	1395	23.1	3002	17.9
Taipei, Chinese	657	10.9	1595	9.5
Republic of Korea	546	9.0	1581	9.4
Indonesia	77	1.3	1530	9.1
Germany	590	9.7	1319	7.8
Singapore	280	4.6	907	5.4
Malaysia	202	3.3	566	3.4
France	107	1.8	357	2.1
UK	101	1.7	327	1.9
Italy	104	1.7	275	1.6
Thailand	32	0.5	180	1.1
Netherlands	75	1.2	161	1.0
Belgium	101	1.7	145	0.9
India	26	0.4	144	0.9

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Potential items to China, at 6-digit HS code level are highlighted in **Table 3.25**.

Table 3.25 Miscellaneous Chemical Products (HS-38) - Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
382490	Chemical/allied industry preparations/ prods	6622	32.5	0.5	204
382370	Industrial fatty alcohols	392	13.0	3.3	121
380892	Fungicides	318	19.1	6.0	351
380893	Herbicides, anti-sprouting products and plant-growth regulators	188	5.0	2.7	333
380891	Insecticides	166	11.4	6.9	784

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Articles of Iron or Steel (HS-73)

China's global imports of articles of iron or steel have risen two-fold, from US\$ 5.7 bn in 2005 to US\$ 11.8 bn in 2014, with the major suppliers being Japan, Germany, USA, Republic of Korea,

Singapore, Chinese Taipei, and France. India's exports of these items to China have risen from US\$ 5 mn in 2005 to US\$ 77 mn in 2014 but continue to accounts for a marginal share of 0.7% in China's global imports (**Table 3.26**).

Table 3.26: China's Imports of Articles of Iron or Steel (HS-73) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	5696	100.0	11798	100.0
Japan	1665	29.2	2455	20.8
Germany	912	16.0	2300	19.5
USA	471	8.3	1320	11.2
Republic of Korea	653	11.5	1235	10.5
Singapore	105	1.9	589	5.0
Taipei, Chinese	484	8.5	528	4.5
France	190	3.3	516	4.4
Italy	255	4.5	487	4.1
UK	116	2.0	196	1.7
Spain	40	0.7	155	1.3
Thailand	23	0.4	139	1.2
Switzerland	33	0.6	112	0.9
Malaysia	26	0.4	107	0.9
Sweden	48	0.8	84	0.7
Austria	97	1.7	80	0.7
India	5	0.1	77	0.7

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

According to 6-digit HS commodity code, potential items to China, based on India's capability to

export and China's import demand are presented in **Table 3.27**.

Table 3.27: Articles of Iron or Steel (HS-73) - Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
732690	Articles, iron or steel	1935	9.6	0.5	455
731815	Bolts or screws, with or without their nuts or washers, iron or steel	1654	2.0	0.1	326
730890	Structures & parts of structures, iron or steel (ex prefab boldings of heading no.9406)	1078	1.1	0.1	418
731816	Nuts, iron or steel	613	0.9	0.1	474
732619	Articles of iron or steel, forged or stamped, but not further worked	354	1.7	0.5	384
731210	Stranded wire, ropes & cables of iron or steel, not electrically insulated	294	5.9	2.0	102
730630	Tubes, pipe & hollow profiles, iron or nas, welded, of circ cross sect	175	1.5	0.9	184

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Aluminium and Articles (HS-76)

China's imports of aluminium and articles have risen from US\$ 5 bn in 2005 to US\$ 8 bn in 2014, accounting for 4.6% of global imports. Major import sources for China include USA, Republic of Korea, Japan, Australia, and Hong Kong, which

cumulatively account for 60% of China's global imports. Other import sources include Germany, Malaysia, Chinese Taipei, and UK. India's export of these items to China have risen from US\$ 16 mn in 2005 to US\$ 47 mn in 2014, and account for a 0.6% marginal share in China's global imports of these products in 2014 (**Table 3.28**).

Table 3.28: China's Imports of Aluminium and Articles (HS-76) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	5012	100.0	8040	100.0
USA	525	10.5	1590	19.8
Republic of Korea	707	14.1	1062	13.2
Japan	556	11.1	909	11.3
Australia	515	10.3	671	8.3
Hong Kong, China	337	6.7	647	8.0
Germany	223	4.4	452	5.6
Malaysia	35	0.7	387	4.8
Taipei, Chinese	497	9.9	347	4.3
UK	74	1.5	212	2.6
Russian Federation	108	2.1	155	1.9
Belgium	134	2.7	107	1.3
Canada	40	0.8	106	1.3
France	78	1.6	97	1.2
Netherlands	67	1.3	86	1.1
Italy	33	0.7	72	0.9
India	16	0.3	47	0.6

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Potential export items to China from India are highlighted in **Table 3.29**.

Table 3.29: Aluminium and Articles (HS-76) - Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
760612	Plate, sheet or strip, aluminium alloy, rect or sq, exceeding 0.2 mm thick	1265	0.03	0.002	157
760110	Aluminium unwrought, not alloyed	538	43.8	8.1	1127
761699	Articles of aluminium	534	1.9	0.4	348
760120	Aluminium unwrought, alloyed	207	-	-	212

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Cereals (HS-10)

China's import of cereals have risen more than four folds from US\$ 1.4 bn in 2005 to US\$ 6.2 bn in 2014, with the major suppliers being USA, Australia, and Vietnam, representing 72% of

China's global import sources. Other import sources for China's import of cereals include Thailand, Canada, Ukraine, France, Pakistan, and Kazakhstan. India's exports of these items to China have been negligible over the decade (**Table 3.30**).

Table 3.30: China's Imports of Cereals (HS-10) from Major Partners

	2005		2014	
	US\$ mn	% Share	US\$ mn	% Share
World	1394	100.0	6175	100.0
USA	104	7.5	2095	33.9
Australia	431	30.9	1726	28.0
Viet Nam	8	0.6	626	10.1
Thailand	188	13.5	485	7.9
Canada	478	34.3	321	5.2
Ukraine	-	-	291	4.7
France	179	12.9	230	3.7
Pakistan	0.04	0.003	159	2.6
Kazakhstan	-	-	70	1.1
Lao PDR	0.4	0.03	44	0.7
Bulgaria	-	-	33	0.5
Cambodia	-	-	32	0.5
Argentina	0.1	0.01	27	0.4
Myanmar	0.9	0.1	15	0.2
Russian Federation	-	-	8	0.1
India	0.2	0.01	1	0.02

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Potential items of exports to China, according to 6-digit HS commodity code are presented in **Table 3.31**.

Table 3.31: Cereals (HS-10) - Potential Export Items to China, 2014

HS Product Code	Product Label	China's Imports from World	China's Imports from India		India's Exports to World
		(US\$ mn)	(US\$ mn)	India's Share in China's World Imports, %	(US\$ mn)
100390	Barley (excl. seed for sowing)	1574	-	-	122
100630	Rice, semi-milled or wholly milled, whether or not polished or glazed	1031	-	-	7538
100590	Maize (corn)	723	1.2	0.2	808
100199	Wheat and meslin (excl. seed for sowing, and durum wheat)	666	-	-	1014
100640	Rice, broken	187	0.02	0.01	280

Source: ITC, Geneva, based on UN COMTRADE statistics and Exim Bank analysis

Thus, as seen from the above analysis, there is potential for enhancing exports from India to

China, in line with China's import demand and India's export capability.