



India to Step-up Agri-Diplomacy with China

India is looking forward to increase agricultural exports to China as it proceeds to diversify its agricultural imports.

Reasons For India's "Agri-Diplomacy"

▪ Trade Deficit

- India is looking for ways to **bridge the huge trade deficit of more than \$60 billion with China**. China accounted for about 39% of India's trade deficit in 2017-18.
- India's total trade with China reached over \$89 billion in 2017-18, of which Chinese exports to India were around \$76 billion.

▪ US-China Trade War

- Both the US and China are imposing tariffs on each other. Hence, China is now opening up to non-US imports in order to diversify its import basket.
- Beijing recently imposed new tariffs on many American farm produce, including soybeans, corn, wheat, cotton, rice, sorghum, beef, pork, poultry, fish, dairy products, nuts and vegetables.
- India is hoping to take advantage of the Sino-US trade war by exporting more soybean produce to China.

Steps taken to Cover Trade Deficit

- During Shanghai Cooperation Organisation (SCO) Summit in Qingdao in 2018. India and China signed an **agreement to include the export of non-Basmati varieties of rice** from India. China is a \$1.5-\$2 billion market for Indian rice
- India has also signed an agreement with China to **increase the export of sugar from India**.

Way Forward

- If India has to cover the huge trade deficit with China, it has to **look beyond agri-diplomacy**. There are many areas in which trade with China can be increased to cover trade deficit like that **pharmaceuticals, information technology services and tourism**, in which India has a significant global footprint, but a minuscule presence in China.
- At domestic front, India has to take significant efforts like **modernization of agriculture** to make it competitive at global level, the high price of India's farming products is a major obstacle.