

INDIA STEPS UP AGRO-DIPLOMACY WITH CHINA

Relevant for: International Relations | Topic: India - China

Seizing opportunity: Assam tea has good prospects in China as it blends well with milk-based tea drinks. AP

As the trade war with the United States continues to bite — with only a slim chance that the world's two biggest economies can go past a possible truce — China appears to be opening up to non-U.S. imports.

Smelling an unexpected opportunity to export more to the Middle Kingdom, India is quietly squeezing in the door. The focus so far has been on pushing agri-products into the Chinese market. Sensing that China would look first at its food security by diversifying imports in view of the trade war, New Delhi has stepped up its agro-diplomacy with Beijing.

Over the past two months, Indian food and beverage producers have been conducting seminars and road shows in the Chinese capital.

Soya source

Though Indian soya bean exports are apparently a priority, especially after the China imposed a 25% levy on U.S. imports, success in the huge Chinese soya bean market is yet to materialise, though some progress may have registered during talks. Visiting Commerce Secretary Anup Wadhawan in a conversation with his Chinese counterpart Wang Shouwen earlier in November “expressed satisfaction over progress on soya bean meal and pomegranate and related issues,” an Indian Embassy press statement said.

However, other agri-products may have stolen a march over soya beans in finding a niche in the Chinese market. On November 6, Jay Shree Tea and Industries Ltd. signed a \$1-million black tea export contract with State-owned COFCO. Assam tea, in particular, has good prospects in China as it blends well with milk-based tea drinks. “China has been traditionally a green tea market. But of late, its young people are developing a taste for milk infused bubble tea, potentially opening a larger market for Indian black teas,” said Arun Kumar Ray, Deputy Chairman of the Tea Board, on a visit to Beijing.

India's efforts to export sugar to China, which began in earnest in June, also appear to have paid dividends. Earlier this month, a Commerce Ministry statement said the Indian Sugar Mills Association had signed its first sugar export contract of 50,000 tonnes with COFCO. During his visit, Mr. Wadhawan briefed the China Sugar Association about India's proven capacity to meet China's sugar needs over the long haul.

China has also opened up imports of non-Basmati rice from India in June on the sidelines of the Qingdao summit of the Shanghai Cooperation Organisation (SCO). Officials say China is a lucrative \$1.5-\$2 billion market for Indian rice. A delegation of Indian rice traders was in Beijing in October on a follow-up visit after China, in principle, opened its doors to 24 India-based rice mills.

Efforts to tap the Chinese agri-market, in view of the China-U.S. trade war, was flagged in April. In his opening remarks at the fifth China-India Strategic Economic Dialogue, NITI Aayog Vice-Chairman Rajiv Kumar said India was ready to step in and supply soya beans to China. “I was noticing that there were some tariffs that were issued on farmers from Iowa and Ohio, etc.

Maybe India can substitute for something like soya beans and sugar if we could have access to those exports with all the due quality considerations that you might have,” Mr. Kumar had said.

Trade imbalance

Despite signs of incremental progress, India’s \$63-billion trade imbalance with China is alarming. In his meetings in Shanghai, Mr. Wadhawan stressed that pharmaceuticals, information technology services and tourism, in which India has a significant global footprint, had a “minuscule presence” in China.

Earlier this year, India had raised the red flag about its adverse trade balance during China’s trade policy review at the WTO, specifically citing hindrances that Indian exporters of rice, meat, pharmaceuticals and IT products were encountering to access the Chinese market.

“There are some positive developments... but we want that to be reflected in concrete trade figures before we can conclude that there has been a turnaround in our commercial ties with China,” an Indian diplomat told *The Hindu* .

Our existing notification subscribers need to choose this option to keep getting the alerts.

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

CrackIAS