

China Beat US To Become India's Top Trading Partner

Why In News

- **China has reclaimed its position** as India's largest trading partner, surpassing the United States after two years, according to the latest figures released by the Global Trade Research Initiative (GTRI). **In the fiscal year 2024**, India's bilateral trade with China totalled \$118.4 billion, with imports rising by 3.24% to \$101.7 billion and exports increasing by 8.7% to \$16.67 billion.



All You Need To Know

- The **US was India's top trading partner** during FY22 and FY23 after China was the top bilateral trading partner in FY21.
- India's bilateral trade with China in FY24 stood at \$118.4 billion as imports **increased by 3.24 per cent to \$101.7 billion** and exports rose by 8.7 per cent to \$16.67 billion in FY24 compared to FY23, GTRI data showed.
- **Between FY19 and FY24**, India's exports to China witnessed a marginal decline in exports by 0.6 per cent, down from \$16.75 billion to \$16.66 billion, while imports from China surged by 44.7 per cent, up from \$70.32 billion to \$101.75 billion.
- In contrast, **India-US two-way trade** came in at \$118.3 billion in FY24 after exports dipped by 1.32 per cent to \$77.5 billion compared to the previous financial year. Meanwhile, imports also dipped 20 per cent to \$40.8 billion.

IN FY24, INDIA'S IMPORTS FROM CHINA ROSE BY 3.24% TO \$101.7 BN

India's top trade partner: China regains spot on higher imports

RAVI DUTTA MISHRA
NEW DELHI, MAY 12

WITH IMPORTS from China crossing over \$100 billion in FY24, China has overtaken the US to become India's largest trading partner after a gap of two years, as per data released by the think tank Global Trade Research Initiative (GTRI).

The US was India's top trading partner during FY22 and FY23 after China was the top bilateral trading partner in FY21. India's bilateral trade with China in FY24 stood at \$118.4 billion as imports increased by 3.24 per cent to \$101.7 billion and exports rose by 8.7 per cent to \$16.67 billion in FY24 compared to FY23, GTRI data showed.

Between FY19 and FY24, India's exports to China witnessed a marginal decline in exports by 0.6 per cent, down from \$16.75 billion to \$16.66 billion, while imports from China surged by 44.7 per cent, up from \$70.52 billion to \$101.75 billion.

In contrast, India-US two-way trade came in at \$118.3 billion in FY24 after exports dipped by 1.32 per cent to \$77.5 billion compared to the previous financial year. Meanwhile, imports also dipped 20 per cent to \$40.8 billion.

During the last five years, trade with the US showed positive growth, with exports increasing significantly by 47.9 per cent from \$52.41 billion to \$77.52 billion. Imports from the US grew by 14.7 per cent, rising from \$35.55 billion to \$40.78



EXPLAINED
Pips US to the top after a gap of two years

AFTER A gap of two years, China has overtaken the US to become India's largest trading partner. India trade relations with China have been under scrutiny largely due to India's dependence on the neighbouring country's critical products such as telecom & smartphone parts, pharma, advanced technology components among others. Now, India has undertaken significant measures to decrease its dependence on China through production linked incentive schemes (PLI), anti-dumping duties along with quality control orders.

billion. This resulted in an expanded trade surplus for India, which grew from \$16.86 billion to \$36.74 billion, GTRI report said.

India trade relations with China have been under scrutiny largely due to India's dependence on the neighbouring country's critical products such as telecom & smartphone parts, pharma, advanced technology components among others.

However, India has undertaken significant measures to decrease its dependence on China through production linked incentive schemes (PLI), anti-dumping duties along with quality control orders.

India imported \$4.2 billion worth of telecom and smartphone parts, accounting for 44 per cent of total imports in this category, indicating significant reliance on Chinese components. Laptops and PCs imports from China totaled \$3.8 billion, making up 77.7 per cent of India's imports in this sector, showcasing a heavy dependence on Chinese technology," GTRI report said.

In the fast emerging EV sector too, India's dependence on China is high as lithium-ion batteries for EVs, imported from China, were valued at \$2.2 billion, comprising 75 per cent of such imports, critical for India's electrification of transport.

The GTRI report further said that exports to China have remained near stagnant between FY19 and FY24 while imports have surged by nearly 45 per cent which has resulted in widening of the trade deficit from \$53.57 billion in FY 2019 to \$85.09 billion in FY 2024.

During the last five years, Russia's trading figures were marked by a dramatic increase, with exports growing by 78.3 per cent from \$2.39 billion to \$4.26 billion, while imports soared by 952 per cent from \$5.84 billion to \$61.44 billion, widening the trade deficit from \$3.45 billion to \$57.18 billion.

However, Saudi Arabia's exports more than doubled, with a 107.9 per cent increase from \$5.56 billion to \$11.56 billion. Imports rose at a slower pace

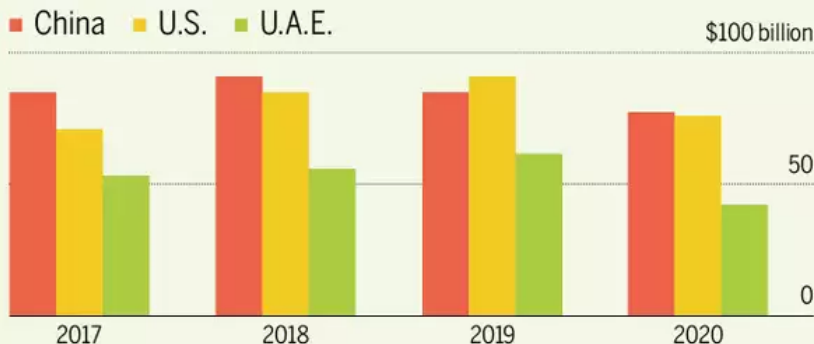
by 11.7 per cent from \$28.48 billion to \$31.81 billion, which slightly reduced the trade deficit from \$22.92 billion to \$20.25 billion.

"The UAE also saw notable changes; exports to the UAE rose by 18.3 per cent from \$30.13 billion to \$35.63 billion, and imports increased substantially by 61.2 per cent from \$29.79 billion to \$48.02 billion. This shift turned a marginal trade surplus of \$0.34 billion in FY19 into a deficit of \$12.39 billion by FY24," GTRI report said.

- During the last five years, trade with the **US showed positive growth**, with exports increasing significantly by 47.9 per cent from \$52.41 billion to \$77.52 billion. Imports from the US grew by 14.7 per cent, rising from \$35.55 billion to \$40.78 billion. This resulted in an expanded trade surplus for India, which grew from \$16.86 billion to \$36.74 billion, GTRI report said.
- **India trade relations with China** have been under scrutiny largely due to India's dependence on the neighbouring country's critical products such as telecom & smartphone parts, pharma, advanced technology components among others.

Dragon Returns

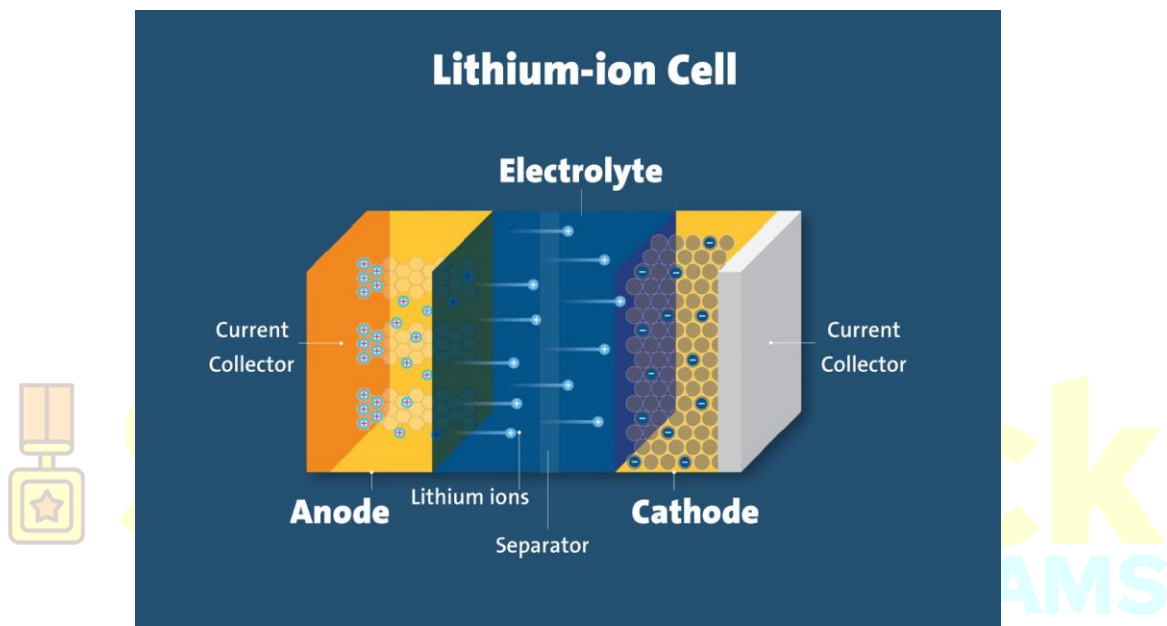
China displaces the U.S. to regain India's top trade partner slot in 2020



Source: Bloomberg

Note: Data for 2020 is provisional

- However, **India has undertaken significant measures** to decrease its dependence on China through production linked incentive schemes (PLI), anti-dumping duties along with quality control orders.
- **“India imported \$4.2 billion worth** of telecom and smartphone parts, accounting for 44 per cent of total imports in this category, indicating significant reliance on Chinese components. Laptops and PCs imports from China totaled \$3.8 billion, making up 77.7 per cent of India’s imports in this sector, showcasing a heavy dependence on Chinese technology,” GTRI report said.



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- The GTRI report further said that **exports to China have remained** near stagnant between FY19 and FY24 while imports have surged by nearly 45 per cent which has resulted in widening of the trade deficit from \$53.57 billion in FY 2019 to \$85.09 billion in FY 2024.
- **During the last five years**, Russia’s trading figures were marked by a dramatic increase, with exports growing by 78.3 per cent from \$2.39 billion to \$4.26 billion, while imports soared by 952 per cent from \$5.84 billion to \$61.44 billion, widening the trade deficit from \$3.45 billion to \$57.18 billion. However, Saudi Arabia’s exports more than doubled, with a 107.9 per cent increase from \$5.56 billion to \$11.56 billion. Imports rose at a slower pace by 11.7 per cent from

\$28.48 billion to \$31.81 billion, which slightly reduced the trade deficit from \$22.92 billion to \$20.25 billion.

- **UAE rose by 18.3 per cent** from \$30.13 billion to \$35.63 billion, and imports increased substantially by 61.2 per cent from \$29.79 billion to \$48.02 billion. This shift turned a marginal trade surplus of \$0.34 billion in FY19 into a deficit of \$12.39 billion by FY24,” GTRI report said.

