

# China



## Key Facts and Economic Indicators

- \* **Currency:** Renminbi Yuan (RMB)
- \* **Population:** 1,355,692,576 (July 2014 est.)
- \* **GDP:** \$9.33 trillion  
2<sup>nd</sup> largest economy
- \* **Budget:** revenues: \$2.118 trillion  
Expenditures: \$2.292 trillion (2013 est.)
- \* **Inflation Rate (Consumer Price):** 2.6% (2013 est.)
- \* **GDP (Real Growth rate):** 7.7% (2013 est.)
- \* **Investment (Gross fixed):** 46% of GDP (2013 est.)
- \* **Tax and other revenues:** 19.4% of GDP (2013 est.)
- \* **Industrial Production Growth Rate:** 7.6% (2013 est.)

**Total Exports:** \$2.21 trillion (2013 est.)

- \* **Export Commodities** - electrical and other machinery, including data processing equipment, apparel, radio telephone handsets, textiles, integrated circuits
- \* **Export partners** - Hong Kong 17.4%, US 16.7%, Japan 6.8%, South Korea 4.1% (2013 est.)

**Total Imports:** \$1.95 trillion (2013 est.)

- \* **Import Commodities:** electrical and other machinery, oil and mineral fuels; nuclear reactor, boiler, and machinery components; optical and medical equipment, metal ores, motor vehicles; soybeans;
- \* **Import Partners:** South Korea 9.4%, Japan 8.3%, Taiwan 8%, United States 7.8%, Australia 5%, Germany 4.8% (2013 est.)

Source: Central Intelligence Agency (CIA) World fact Book

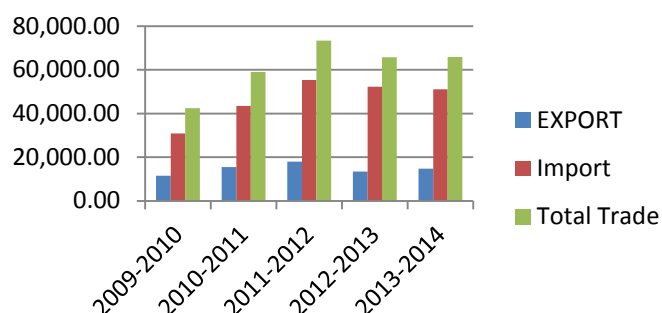
## Chinese Initiatives to Foster Trade and Investment

TAX	Rate
Corporate Income Tax Rate(%)	25
Capital Gains Tax Rate (%)	25
Branch Tax Rate (%)	25
Withholding Tax (%)	
Dividends	10
Interest	10
Royalties from Patents and Know-hows	10
Branch Remittance Tax	0
Net Operating Losses (Years)	
Carryback	0
Carryforward	5

Source: The 2013 Worldwide Corporate Tax Guide

Incentive Type	Provisions
<b>Tax Incentives</b>	A five-year tax holiday (exemption for the first two years and 50% reduction for the next three years) is granted to newly established and qualified High and New Technology Enterprises that are incorporated after 1 January 2008 and that are located in the Shanghai Pudong New Area or one of the five Special Economic Zones (SEZs).
<b>Tax Exemptions</b>	Income from agriculture, forestry, animal husbandry and fishery projects is eligible for a full tax exemption or 50% reduction of tax depending on the type of projects.
<b>Research and Development</b>	150% of qualified costs incurred for the research and development of new technologies and products can be tax deductible.

## Bilateral Trade between India and China



- \* **India's Exports to China (2013)** : US\$ 14.824 billion
- \* **India's Imports from China (2013)**: US\$ 51.034 billion
- \* **Total Trade between India and China (2013)**: US\$ 65.85 billion

Source: Department of Commerce, Ministry of Commerce & Industry, Gol

## FDI Inflows from China into India

### Chinese FDI in India

- Total FDI equity inflows from China: \$410.14 million
- China ranks 28<sup>th</sup>
- Percentage share of China in total FDI inflows: 0.18%

Top sectors that attracted Chinese FDI equity inflows

- Automobile Industry (40%)
- Metallurgical Industries (17%)
- Power (7%)
  - Construction Activities (5%)
  - Services Sector (4%)

*Source: DIPP, Ministry of Commerce & Industry, GOI*

## Potential Sectors for Investments between India and China

- Infrastructure
- Energy
- Electronics and Power Equipment
- Manufacturing

Major Indian Companies in China	Major Chinese Companies in India
Adani Global	Sinosteel
Air India	Shougang International
Apollo Tyres	Baoshan Iron & Steel Ltd
Aptech Worldwide Inc.	Sany Heavy Industry Ltd
Aurobindo (Datong) Bio-Pharma Co. Ltd.	Chongqing Lifan Industry Ltd
Bank of Baroda	China Dongfang International
Bank of India	Sino Hydro Corporation
Bharat Forge (Changchun) Co. Ltd.	Huawei Technologies
Canara Bank	ZTE
Dr. Reddy's Laboratories	TCL
Essar	Haier
ICICI Bank	Shanghai Electric
iGate Global Solutions Limited	Harbin Electric
India Grasim Industries Ltd	Dongfang Electric
Infosys Technologies Ltd	Shenyang Electric
Jindal Steel and Power Limited	Beijing Automotive Industry Corporation (BAIC)
JSW Steel Limited	ZTE Kangun Telecom Company (I) P. Ltd
Jubilant Organosis Ltd	ESSEL Ahmedabad Godhra Toll Roads Ltd
Larsen & Toubro Limited	Shanghai Electric India Pvt Ltd
Mahindra (China) Tractor Co. Ltd	TBEA Energy (India) Ltd
Punjab National Bank	TBEA Energy (India) Ltd
Reliance Industries Limited	CHENGUANG Bio-Tech(India) Pvt Ltd
Shipping Corporation of India	Ecolutions Green Energy (India) Pvt Ltd
State Bank of India	YAPP India Automotive Systems Pvt Ltd
Steel Authority of India Limited	XINDIA Steels Ltd.
Suzlon Energy (Tianjin) Limited	Nippon Paint (India) Pvt Ltd
TATA Autocomp Systems Limited (TACO)	XINDIA STEELS LTD.
TATA Sons Limited	Cheetah Multitrade P. Ltd.
TVS Motors Co. Ltd	Jushi India FRP Accessories Pvt Ltd
Wipro (Shanghai) Limited	WISCO (I) P. Ltd

### Political Scenario of China

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| <ul style="list-style-type: none"><li>* <b>Political Parties &amp; Leaders-</b> Chinese Communist Party or CCP and eight nominally independent small parties ultimately controlled by the CCP</li><li>* Mr. Li Keqiang is the seventh and current Premier of the State Council of the People's Republic of China</li><li>* Mr. Xi Jinping is the General Secretary of the Communist Party of China, the President of the People's Republic of China, and the Chairman of the Central Military Commission</li></ul> | <ul style="list-style-type: none"><li>* <b>Government type: Communist state</b></li><li>* <b>Legal System:</b> Civil law influenced by Soviet and continental European civil law systems; legislature retains power to interpret statutes; note - criminal procedure law revised in early 2012</li></ul> |
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### Current Updates

Current updates between India and China

- **Visit of Chinese President Xi Jinping to India, September 2014: The following were the outcomes of the three-day visit.**
  - **Chinese Industrial Parks in India (September 2014):** During Chinese President Xi Jinping's visit to India in September 2014, both the countries decided to enhance their cooperation and take the India-China diplomatic relations to the next level. One big potential area is development of Chinese industrial parks in India. Four such parks are being considered under an agreement signed with China in June this year which is expected to facilitate investment from Chinese companies into India, facilitate an orderly flow of production factors from China into India and accelerate development of competitive manufacturing sector in India. Chinese Investment of US\$ 7 billion was announced during President Xi Jinping's visit to India for building two industrial parks in Gujarat and Maharashtra.
  - **Purchase agreements / MoUs via Buying Missions from China (September 2014):** FICCI hosted a group of Chinese companies who signed buying orders with Indian firms for about US\$ 740 million in products such as copper cathodes, marine products, polypropylene, industrial salt, cotton yarn & fabric.
  - **India China Trade in Services (September 2014):** India and China have also set up a Service Trade Promotion Working Group to efficiently promote the development of India-China trade in services. There is scope to extend the domain and scope of exchanges and cooperation in services trade between the two countries in potential areas identified by the Group as tourism, entertainment and media services.
- **10<sup>th</sup> Session of India China Joint Group on Economic Relations, Trade, Science and Technology (JEG), September 2014:** The 10<sup>th</sup> session of India China JEG was held on 2<sup>nd</sup> September 2014 in Beijing at the Ministerial level. The meeting indicated action points concerning different ministries/departments for information/necessary action. The Indian delegation was led by H.E. Ms. Nirmala Sitharaman, Minister for Commerce & Industry India and the Chinese delegation was led by H.E. Mr. Gao Hucheng, Minister of Commerce, China.

*Source: Embassy of India, Beijing*