



**CHINA'S TRADE RELATIONS WITH INDIA AND
PAKISTAN**

SINCE 1991: A COMPARATIVE STUDY

Abstract of the Ph.D.

Thesis

Submitted to

For the award of the Degree of

Philosophy

submitted by

SYED MOHD ABBAS

Prof. Shri Prakash

MMAJ- Academy of International Studies

MMAJ ACADEMY OF INTERNATIONAL STUDIES

Jamia Millia Islamia,

New Delhi

December

2016

CHINA'S TRADE RELATIONS WITH INDIA AND PAKISTAN SINCE 1991:

A COMPARATIVE STUDY

Key Words: China, Export, Import, Trade Relations, India, Pakistan

ABSTRACT

China's exports and imports once its reforms started, increased most of the time, but improved its position in the current century especially after its WTO accession. Since 1991 its exports progressed well and strengthened its position with world share in world exports. It further improved its position and emerged as the largest exporter of the world by surpassing USA and Germany in 2010 and has maintained its position till today. The growth of imports of China has also picked momentum starting from the first year of the twenty first century. China emerged as the largest exporter and second largest importer of the world. The total trade volume enhanced annually reached 208 fold from 1978 and 32 times from 1991 in 2014. China's trade has now become a major component of its economy. It has been playing effective role in economic development. China's exports, imports, rate of growth, trade value and balance of trade varied almost every year showing most pronounced upsurge in the first decade of this millennium. During the Asian financial crisis, China's exports rose marginally in 1998, but its imports fell down in the same year. China's total exports declined more

than its imports. Its trade surplus was also less from the previous year but trade balance was positive in World recession.

China-India are the two Asian giants, play an important role in the global economy. Both countries have expanded their trade relations since 1954. China exports to India expanded 416 fold in 2015 since 1991, which is the highest increase in the world. But India's share in China's export remained nominal. China's world imports moved forward in same pace as exports, about 26 fold. Imports into China from India enlarged about 112 fold. India's share in China's imports was the similar to exports. India's share in China's exports, imports also increased but the exports is more than its imports which is not good sign for Indian trade. The trade balance of China with India tilts in favour of China. It is increasing annually, which is concern in India. Some suggestions for tackling imbalance have been suggested.

China's main exports to India are electrical machinery and equipments, nuclear reactors, boilers, machinery etc., organic chemicals and fertilizers and iron/steel. These main commodities shared more than 60 percent of the total export value between two countries. The principal commodities of imports into China from India basically are raw goods or raw material. These commodities are ores, slag and ash, cotton, copper and articles thereof, pearls, metals, precious stone etc. and organic chemical. These commodities contributed more than 70 percent in import value of China and India mostly.

China and Pakistan trade relations exist since early 1950s, but its strategic relations improved decade by decade. Both countries consider each other "All weather friends". Economic ties especially trade between the two countries could not get the momentum. China and Pakistan trade value has grown and reached to \$5 billion in 2006. In the same year Free Trade Agreement was signed by both countries. The

trade value grew more than \$10billion in 2011. Within three years trade value crossed \$15 billion in 2014 and \$18billion in 2015. The second phase of FTA signed by both countries in November 2016. The contribution of Pakistan in China's world exports and imports was nominal. Pakistan's share remained on the margin in China's exports and imports. China and Pakistan are strategic friends, but it seems their trade relations are not on a firm footing. The trade balance is in favour of China throughout the period under study. Some suggestions to tackle imbalance between China and Pakistan have been proposed. By adopting these measures trade imbalance between two countries may be reduced.

Most of the commodities exported from China to Pakistan are electrical machinery and equipments, nuclear reactors, boilers, machinery etc., iron and steel, manmade filaments and articles of iron/steel. China exports these and other commodities as finished goods. Cotton is a primary product of Pakistan's imports into China. Its share varies from 60-80 percent in total import value of China and Pakistan in most of the years. The other commodities are ores, slag and ash, copper articles thereof, raw hides/skins and residues, waste from food industries and cereals. These products are raw materials which have less value.

China has become the largest trading partner of India and Pakistan. Share of China's trade in GDP was higher than India and Pakistan's share in their respective GDP throughout whole period. It was found more than world trade's share in GDP up to 2010 and less from 2011 to 2015. China's exports, imports to India and Pakistan and their ranks and share in China's exports and imports have also been studied. China's trade value with India and Pakistan and China's total trade value with India and Pakistan and their growth are worked out. It is found that Share of China's trade in GDP was higher than India, Pakistan throughout whole period, while more with world up to 2010 and less

than world from 2011 onwards. China's exports to India and Pakistan have increased most of the years. The difference of China's exports between India and Pakistan was found negative from 1991 to 1995, while in remaining years it increased frequently. India's ranks in China's exports were higher than Pakistan up to 1995 while from 1996 to 2015. India raised its ranks more than Pakistan and Pakistan could not maintain China's exports to India and its ranks. The pattern is found that India and Pakistan's imports into China is rising and fluctuating for most of the years, but trend of India's ranks in China's imports was found lower to high while Pakistan was vice versa higher to lower.

Pakistan's share in China's world exports could not reach one percent. On the contrary India's share in China's exports is more than that of Pakistan throughout the period. India's share has surged by one to more than six fold than Pakistan. Comparing India and Pakistan's import share in China's world imports, India's imports into China valued more; its share was also found more. In contrast to Pakistan imports into China neither its value increased much nor its share. India's trade value is much higher than Pakistan in China's trade value. India's total trade value is ahead. It is ahead more than 6 ratio because India's markets are big and Pakistan markets are small than India.

The hypotheses set for this study have been testified through statistical tools such as Semi Log Regression Analysis. In this case, China's Exports, Imports & Trade Surplus have been tested as Dependent Variables and their Log is regressed on time variable. For these hypotheses Regression Analysis has been used. This regresses India and Pakistan's total trade on their bilateral trade with China and the t- test has been used to examine the equality of means of China's Trade with India and Pakistan. The result shows that China's exports, imports, trade surplus and total trade value are significantly growing. Based on the highly significant F-Statistic, China's trade with India and Pakistan has a significant impact on India and Pakistan's total trade. There is a significant difference between China's Exports to India and Pakistan, There is a significant difference between China's Imports from India and

Pakistan, There is no significant difference between China's Trade surplus with India and Pakistan, and there is a significant difference between China's Total Trade with India and Pakistan.

The trade relations by estimating trade reciprocity indices, (export and import) intensity indices of China's with India and Pakistan have examined. The results show that China's trading relations with India has strengthened and improved over time. The trade reciprocity indices have slightly unbalanced bilateral trade between China and India. This imbalance is in favour of China, which has a surplus in its balance of trade with India. The Trade Reciprocity Indices between China and Pakistan is very much less than one, in fact less than even 0.50 (0.46). It indicates heavily unbalanced bilateral trade between China and Pakistan. This imbalance is in favour of China, which has a surplus in its balance of trade with Pakistan.

Brief Profile of the Ph.D.Scholar

- 1.Name SYED MOHD ABBAS
2. Date of birth 1-7-1959
3. Place of birth Nowgawan Sadat,Distt.Amroha
(U.P.)
4. e-mail address drabbasm@gmail.com
5. Academic Qualification

Course	University	Year	Division	Percentage
B.A.(Hons)(Economics)	A.M.U. Aligarh	1978	II	54.18
B.Lib. S.	Do	1979	I	66.75
M.Lib. Sc.	Do	1980	I	62.12
Diploma in Electronic Data Punch Operation	Do	1980	I	60.00
M.A.(Economics)	M. University	1982	I	60.55

L.L.B.	Delhi University	1986	II	52.03
M.Phil.(Library & Information Sc.)	Do	1989	I	64.20
Certificate in Computing	IGNOU	1997	I	77.50
Ph.D.(Library Information Sc.)	Delhi University	2005	Conflict Management in University Libraries in Delhi	
P.G. Diploma in Library Automation	IGNOU	2009	I	67.38