

India, China Ink Eight Agreements on Trade, Water

LEAD TAKE



Weeks after the flare-up on the border issue, India and China on Monday sought to further improve their bilateral relations and firmed up eight agreements to enhance cooperation in a range of areas including trade, culture and water resources. The agreements were signed after delegation-level talks between Prime Minister Manmohan Singh and his Chinese counterpart Li Keqiang.

To enhance trade, both the sides decided to set up three working groups under the Joint Economic Group. The three groups are Services Trade Promotion Working Group, Economic And Trade Planning Cooperation Group and Trade Statistical Analysis Group. The pact for setting up of the working groups was signed by Commerce Minister Anand Sharma and his Chinese counterpart Gao Hucheng.

In 2012, bilateral trade between the two countries was USD 66 billion, a decline from over the USD 74 billion mark in 2011. The two countries have set a target of USD 100 billion by 2015 for bilateral trade. As per an agreement signed by External Affairs Minister Salman Khurshid and Chinese Foreign Minister Wang Yi, China will make further improvements to the existing facilities for Kailash Mansarovar

Possibility of Nepal-China-India Trilateral Cooperation

With the rise in bilateral trade between India and China, talks about trilateral cooperation among Nepal and the two Asian giants had gained momentum in recent times. Some believe that the regional model could pave a way for forming economic union and common market in the South Asia, a key topic in the South Asia Free Trade Area or SAFTA agreement signed by the SAARC nations in 1995.

But, there are major hindrances seen in forming such alliance in the region. The idea of trilateral cooperation was first proposed to India by former Prime minister and UCPN's supremo Prachanda during his recent visit. But on the eve of Prachanda's India visit last April, Indian Foreign Minister Salman Khurshid said the idea of trilateral cooperation is premature. According to analysts, India's unwillingness to this idea may have been caused by the country's long term strategic interests. They cited India's fear of China's dominance in the regional market as the goods produced by Chinese manufacturers are far more competitive than others.

"The proposed trilateral agreement doesn't have a strong foothold, but we can still tap the vast markets of India and

China in various ways," says Ratnakar Adhikari, the General Secretary of South Asia Watch on Trade, Economics and Environment (SWATEE). Adhikari mentioned the possibility about the supply of raw materials and intermediate products to China and India from Nepal. "We can take the example of iron export to India where the demand is very high but, we have only been able to fulfill such demand by 1.5 per cent so far," he said. According to official data Nepal's iron export reached Rs 11.51 billion in 2011/12. Demand of such materials is rising in India due to development of infrastructure and rapid urbanization in the neighboring states of Bihar and Uttar Pradesh.

Adhikari said that by maintaining labour discipline in the manufacturing sector, solving electricity problems and capacity enhancements, Nepal can achieve higher export growth rates. "Establishing special economic zones free from strikes and electricity shortages can be of great help to achieve this goal," he suggested. "Similarly Nepal can also benefit from investment inflow from India and China if proper and effective policies are placed," he added.

pilgrims including providing them with wireless sets and local SIM cards. The Kailash Mansarovar Yatra will be conducted every year from May to September.

Another pact was signed between the two sides under which China will provide information of water level, discharge and rainfall twice a day from June 1st to October 15th each year in respect of three hydrological stations on the mainstream Brahmaputra river.

A separate Memorandum of Understanding was also signed between the India's Ministry of Water Resources and China's National Development and Reform Commission for cooperation in the field of ensuring water efficient irrigation. The MoU aims at enhancing bilateral cooperation in the field of water efficient technology with applicability in the area of agriculture and exchange of best practices. (The Hindu Business Line)