

Minutes of the 2nd NITI Aayog - DRC Dialogue: India-China Development Roundtable 2016

1. The second Dialogue between National Institution for Transforming India (NITI Aayog) and Development Research Centre (DRC) of the State Council, Peoples' Republic of China (the 'NITI Aayog-DRC Dialogue"): India-China Development Roundtable was held on 16-17 November 2016 in New Delhi. The Indian delegation was led by H.E. Mr. Arvind Panagariya, Vice Chairperson of NITI Aayog and the Chinese delegation was led by H.E. Mr. Li Wei, President of DRC.
2. This Dialogue is the second roundtable between the two sides as a follow up of the first Dialogue which was held in Beijing in 2015, under the aegis of the joint statement between the Republic of India and the Peoples' Republic of China. The minutes of the first Dialogue outlined the mutual cooperation to be undertaken under this mechanism, and the agenda for the instant Dialogue has been accordingly fashioned consistent with the Beijing meeting which discussed the issues of global economy, bilateral trade and investment cooperation, etc.
3. In this year's Dialogue, three sessions were held on topics as under:

Session I: The Global Economy: Opportunities and Challenges.

Session II: Economic Transformation and Structural Reform.

Session III: India-Sino Economic Cooperation: Potential and Prospects in the Context of Global and Regional Trade Agreements.

4. The above sessions saw presentations from leading academics from the two sides, and were attended by delegates from Government agencies and academic institutions of both countries. Detailed discussions were held in the three sessions. After discussions, the two sides have agreed on the following:

(i) **Global Economy:**

It was agreed that the global economy continues to face challenges of growth, trade protectionism, environment and recent far-reaching geo-political developments. The political events in some countries are likely to increase uncertainty across the globe, at least in the short period. As two largest developing countries, both India and China have a large stake in the path that the global economy is likely to take in the coming years. It was agreed that economic areas of mutual interest will be identified for better understanding and collaborative studies.

(ii) **Economic Transformation and Structural Reform :**

The high rate of India's economic growth and the stable Chinese growth trajectory under New Normal are now acknowledged by the international community. However, both the countries face different challenges of structural transformation in the areas of investment, trade and employment. It was agreed that both countries will promote economic transformation and structural reform to achieve better economic structure and sustainable development.

This has resulted in India seeking out investment in manufacturing both for local consumption and export, and in China comprehensively deepening reforms and promoting economic transformation. This process is being hastened by Indian desire to diminish the trade deficit with China, while China is looking for manufacturing capacity cooperation with India. It was agreed that economic transformation could bring more opportunities for investment cooperation between India and China. It is the wish of both NITI and DRC to promote investment cooperation between the two countries through in-depth exchanges of this dialogue.

(iii) India – Sino cooperation in trade:

As agreed in the first Dialogue, NITI Aayog commissioned a research project focused on Regional Economic Integration. The research finding indicates that the emerging trade agreements in the region between US and Australia/South East Asian countries resulted in both opportunities and challenges for India and China. It was agreed that both sides will undertake further analysis of the suggested options as brought out in the Session-III: India-Sino Economic Cooperation: Potential and Prospects in the Context of Global and Regional Trade Agreements. It was agreed that during the course of the next one year, experts from the two sides may meet to discuss the above and present their findings for consideration of the respective Governments. The two sides agreed that India-China cooperation in the area of trade ought to be given high focus under the NITI – DRC Dialogue mechanism and the two sides should make

continuous efforts on research to promote balanced trade cooperation between India and China.

5. It was agreed that based on the consensus reached in the first Dialogue, a joint study in 2016-2017 may be conceived to identify opportunities for Chinese investment in India and the facilitation required to expedite the same. This may be considered in the context of a potential bilateral free-trade agreement, which had been discussed ten years ago at joint study group level.

Two sides agreed that the 3rd NITI Aayog – DRC Dialogue may be convened in China in 2017.

Signed in two copies in original in English on 17th November at New Delhi



Mr. Arvind Panagariya
Vice-Chairman,
National Institution for
Transforming India,
Republic of India



Mr. Li Wei
President,
Development Research
Center of the State Council,
People's Republic of China