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Research on the Competitiveness and Trade Potential of China-India Pharmaceutical Trade under the One Belt and One Road Initiative

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Full Research Paper

Research on the Competitiveness and Trade Potential of China-India Pharmaceutical Trade under the One Belt and One Road Initiative

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Abstract: The implementation of "One Belt And One Road" initiative brings both opportunities and challenges for China to strengthen the pharmaceutical trade cooperation with India. Based on the data of pharmaceutical products trade from 2001 to 2018, this paper examines the pharmaceutical trade competition between China and India, establishes an expanded trade gravity model between China and countries along the "One Belt And One Road" Initiative, and measures the export potential of Chinese pharmaceutical products to India. The results show that China's pharmaceutical trade volume to India is positively affected by GDP of the two countries, Indian population and language, and negatively affected by distance. China's pharmaceutical export trade potential to India as a whole belongs to "potential reshape" type. It is urgent need for the two countries to further strengthen trade cooperation in pharmaceutical products in the context of the global spread of Covid-19 pandemic. Finally, the countermeasures and suggestions to promote the development of China-India pharmaceutical trade are put forward.

Keywords：India, pharmaceutical products, gravity model, co-integration test, trade potential

1. INTRODUCTION

In recent years, the "One Belt And One Road" health cooperation and efforts to create the "Health Silk Road" have strongly promoted the development of the pharmaceutical industry in relevant countries. With the worldwide pandemic of the CoviD-19 epidemic, the international attention to public health and hygiene and the development of pharmaceutical trade will be promoted. China and India are both emerging economies in Asia. The pharmaceutical industry of the two countries has entered the ranks of world powers in terms of manufacturing capacity, and the pharmaceutical trade between the two countries is particularly prominent.

In recent years, domestic and foreign scholars have made many achievements in the study of pharmaceutical trade and Cross-border E-commerce. Relevant literatures are summarized as follows: Regarding China-India pharmaceutical trade, Mai Liyi (2018) compared the differences between China and India in the internationalization mode of generic drugs industry, and summarized the enlightenment of the Indian pharmaceutical internationalization mode to the internationalization of Chinese generic drugs[1]. Liu Shu (2018) pointed out that the promotion of China-India pharmaceutical industry cooperation is inseparable from the joint efforts of government departments, industrial chambers of commerce and pharmaceutical enterprises, and the key is to select the right cooperation field and path[2]. Musadiq et al. (2018) pointed out that Indian traditional medicine natural plant products have a high trade status at the global national and regional level through the study of Indian traditional medicine market[3]. There has been a wealth of research on the impact of reviews presented on e-commerce platforms on consumers' cognitive and behavioral decisions[4-5]. Scholars have basically reached a consensus on the positive promoting effect of perceived security on consumers' purchasing behavior t[6]. Meskaran et al(2014). summarized the factors affecting consumers' perception of security in

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e-commerce transactions, and pointed out that e-commerce platform elements would have an impact on buying intention through consumers' perception of security[7].Zhang Xiaheng(2017) believed that with cross-border e-commerce spreading globally, India's cross-border e-commerce market is emerging. The development of cross-border e-commerce in India is characterized by huge development potential, rapid growth rate, strong mobile trend, and preference for working hours shopping and payment methods of cash on delivery[8]. Li Zongwei et al.(2017) regarded that the transaction volume information of e-commerce platforms can convey signals of group purchase and product identification to consumers, which improves consumers' perceived value of products sold on e-commerce platforms[9]. Zhang Xiaodong(2018)found that logistics capability is an important clue for consumers to identify cross-border e-commerce brands, and can help consumers form brand preferences for cross-border e-commerce[10]. Existing research results show that there are few research results on quantitative measurement of the trade competitiveness of Chinese and Indian pharmaceutical products, and the analysis on the trade potential of Chinese pharmaceutical products exported to India is also relatively lacking. Therefore, In this paper, theoretical analysis and empirical test are combined to analyze the competitiveness of China-India pharmaceutical trade. Trade gravity model is used to analyze the influencing factors of China's pharmaceutical exports to India based on panel data and to measure the trade potential. The research results are helpful to clarify the influence mechanism of China-India pharmaceutical trade, enrich the theoretical analysis framework of related research, and have positive significance for the construction of human health community. At the same time, they can also provide empirical reference for promoting the development of China-India pharmaceutical trade.

2. COMPETITIVENESS ANALYSIS OF CHINA-INDIA PHARMACEUTICAL TRADE

As a major country in the world in terms of the manufacturing capacity of the pharmaceutical industry, the analysis of the competition between China and India in pharmaceutical trade can reveal the trade potential of pharmaceutical products between China and India.

2.1 Classification of medicinal products

According to the characteristics of pharmaceutical products, based on the 4-digit HS code of pharmaceutical products [International Convention for Harmonized Commodity Description and Coding System (Harmonized System)], pharmaceutical products with the code of 30 are divided into the following six 4-digit pharmaceutical products according to HS96, as shown in Table 1.

Table 1.Classification of pharmaceutical products under HS96 standard

The HS code	Category Product Name
3001	Extracts and products from human and animal tissues
3002	Biological products
3003	Western medicine raw materials
3004	Western medicine preparations
3005	Medical dressings
3006	Special medical supplies (including sterile suture materials, X-ray contrast agents, medical boxes, etc.)

2.2 Competitiveness analysis of China-India pharmaceutical trade

The Revealed Comparative Advantage Index (RCA index) is defined as the ratio between the share of the export volume of a certain commodity of a country in its total export volume and the share of the export volume

of such commodity in the total world export volume. The calculation formula is as follows:

$$RCA_{ik} = (X_{ik} / X_i) / (X_{wk} / X_w) \quad (1)$$

In the formula， RCA_{ik} represents the explicit comparative advantage index of Class k goods in Country i, X_{ik} represents the export volume of Class k products in Country i, and X_i represents the total export volume of all products in Country i. X_{wk} represents the global exports of Class k products, and X_w represents the total exports of all products in the world. If RCA_{ik} is less than 0.8, it means that country i has weak international competitiveness in category k products. If $0.8 < RCA_{ik} < 1.25$, it means that Country i has certain international competitiveness in category k products. If $1.25 < RCA_{ik} < 2.5$, it means that Country i has a strong international competitiveness in category k products. If $RCA_{ik} > 2.5$, it means that Country i has a strong international competitiveness in category k products [11].

The sample industries selected by China and India are shown in Table 2 and Table 3 for their displayed comparative advantage index under the four-digit classification standard of International Trade Classification (HS).

Table 2. RCA index of six pharmaceutical products in China from 2001 to 2018

	3001	3002	3003	3004	3005	3006
2001	22.97	0.86	1.31	0.47	18.86	0.99
2002	26.29	8.07	0.88	0.44	22.52	1.76
2003	34.57	6.20	0.88	0.44	24.98	2.26
2004	40.13	3.57	0.82	0.44	27.93	2.63
2005	37.13	3.13	0.66	0.45	26.70	2.22
2006	30.13	4.73	1.02	0.46	28.18	3.48
2007	33.32	4.97	1.3	0.49	27.13	3.56
2008	32.34	4.07	1.46	0.47	25.55	3.69
2009	43.04	4.07	1.82	0.42	19.63	4.32
2010	37.40	3.96	3.47	0.38	17.11	3.55
2011	20.16	3.12	3.19	0.55	17.45	2.92
2012	19.48	4.15	3.81	0.61	16.92	3.28
2013	19.55	6.28	4.01	0.64	16.56	3.78
2014	19.67	8.51	3.84	0.67	16.25	4.25
2015	22.74	9.46	4.46	0.67	15.36	4.87
2016	23.89	17.77	4.56	0.67	14.63	5.07
2017	27.76	15.78	3.72	0.73	14.74	4.32
2018	25.84	13.69	3.06	0.79	13.36	3.60

It can be seen from Table 2 that from 2001 to 2018, China has strong international competitiveness in 3001, 3002, 3005 and 3006 pharmaceutical products. In 2010, the RCA_{ik} of category 3003 pharmaceutical products exceeded 2.5, and it gradually became a strong international competitiveness. There are only a few of the 3,004 pharmaceutical products in China that have strong international competitiveness. Pharmaceutical products are generally manufactured in two steps: the drug substance and the drug preparation. China has become the largest producer and exporter of API in the world. In 2018, 80% of China's pharmaceutical exports were APIs, and the largest buyer was India, where China acts as an upstream supplier.

Table 3. RCA index of six pharmaceutical products in India from 2001 to 2018

	3001	3002	3003	3004	3005	3006
2001	1.09	7.72	4.59	0.94	0.49	0.29
2002	1.08	9.87	2.71	0.97	0.48	0.32
2003	1.21	10.18	3.03	0.97	0.51	0.32
2004	1.12	10.21	2.86	1.01	0.42	0.40
2005	1.16	6.28	1.51	1.12	0.57	0.29
2006	0.26	11.95	1.92	1.07	0.55	0.25
2007	1.66	9.32	2.43	1.08	0.54	0.37
2008	0.70	3.77	2.57	1.10	0.45	0.32
2009	0.53	8.75	2.81	1.07	0.45	0.40
2010	0.20	3.45	4.37	1.14	0.59	0.38
2011	0.21	4.33	3.36	1.18	0.53	0.41
2012	0.39	4.42	2.72	1.24	0.27	0.45
2013	0.41	6.00	2.19	1.27	0.35	0.54
2014	0.44	7.16	1.62	1.31	0.31	0.73
2015	0.51	8.30	1.20	1.33	0.27	0.56
2016	0.60	10.69	1.26	1.34	0.26	0.56
2017	0.43	10.73	1.08	1.42	0.28	0.59
2018	0.42	10.10	0.84	1.47	0.29	0.52

The pharmaceutical industry is a pillar of India's economic development. India has helped upgrade the industry with legal protections for generic drugs, one-stop shopping sites for drugs, and advanced business models adopted by pharmaceutical retail chains. For example, some pharmaceutical retail chains combine basic diagnostic functions of clinics with drug-testing services and even a service to transport patients, illustrating the different cultures of pharmaceutical consumption in India and China. It can be seen from Table 3 that India has strong international competitiveness in category 3002 pharmaceutical products, but there is not a big difference in the explicit comparative advantage index between China and India in category 3002 pharmaceutical products. India's international competitiveness in category 3003 pharmaceutical products has declined every year since 2011. In terms of category 3004 pharmaceutical products, the WTO gave India a transitional period of 10 years to "protect pharmaceutical products" after its entry into the WTO. Indian pharmaceutical companies forced to overtake by virtue of their institutional advantages. Up to now, India is undertaking preparations that China is not qualified for, which is conducive to attracting foreign investment and exploring the international market. To sum up, China and India should further strengthen pharmaceutical trade cooperation, scale production of pharmaceutical products with strong international competitiveness, and increase the export of pharmaceutical products with strong international competitiveness. To be specific, China should increase the export of 3001, 3003, 3005 and 3006 pharmaceutical products to India; At the same time, India should step up its export of 3004 categories of pharmaceutical products to China.

3. ANALYSIS ON THE TRADE POTENTIAL OF CHINESE PHARMACEUTICAL PRODUCTS EXPORTED TO INDIA

In this paper, the gravity model is used to calculate and analyze the trade potential of Chinese pharmaceutical products exported to India.

3.1 Analysis on the influencing factors of Chinese pharmaceutical products export to India

3.1.1 Sample selection and data sources

In this paper, the selected 13 "One Belt And One Road" countries includes India, Egypt, Philippines, Thailand, Vietnam, Pakistan, Turkey, Singapore, Poland, Russia, Malaysia, Bangladesh, Indonesia etc. The reasons are as follows: first, China and these countries larger pharmaceutical trade, secondly, these countries basically cover the major cooperative countries of ASEAN, West Asia, South Asia, CIS, Central and Eastern Europe and North Africa along the "One Belt And One Road" route. Their economic, cultural, social systems and living standards are different, which can better reflect the overall characteristics along the "One Belt And One Road". Therefore, the selection of the above countries is very convincing for the estimation and analysis of the trade potential of China's pharmaceutical exports to India. The export data of 30 categories of medicines encoded in HS96 version is from Trade map database, the GDP and total population data of each country are from World Development Indicator database of World Bank, and the geographical distance between China and each country is from French Center for International Economic Research (CEPII).

3.1.2 Model setting and variable selection

Gravity model is an effective tool to study international trade problems. Combined with the actual research content and the availability of data, this paper will use the logarithmic form of gravity model to explore the influencing factors of Chinese pharmaceutical products export to India under the background of "One Belt And One Road". The specific equation is as follows:

$$\ln T_{ijt} = \beta_0 + \beta_1 \ln GDP_{it} + \beta_2 \ln GDP_{jt} + B_3 \ln POP_j + \beta_4 \ln DIS_{ij} + \beta_5 FTA_{ij} + \beta_6 LAN_{ij} + \mu \qquad (2)$$

In the formula, T_{ijt} the explained variable, refers to the pharmaceutical product export volume between China i and the trading country (or region) j, β_0 represents the constant term, β_k (k = 1,2... , 5) is the regression coefficient of explanatory variables, μ represents the random error term, and the explanatory variables are as follows:

(1) GDP_{it} stands for China's gross domestic product. It reflects China's export supply capacity and also indicates the economic development scale of a country or region. The larger the economic scale, the greater the trade flow.

(2) GDP_{jt} is the gross domestic product of importing country j. It reflects the demand capacity of the importing country. The greater the GDP of the importing country, the greater the trade flow.

(3) POP_j is the population of country j of the importing country. The greater the population, the greater the need for imports.

(4) DIS_{ij} represents the spherical distance between China and the capital of country j. The greater the distance, the higher the transport costs, the less trade flows.

(5) FTA_{ij} indicates whether the two countries have a free trade agreement in force. Free trade agreements reflect the level of regional integration and are represented by dummy variables. 1 indicates that they have entered into force, otherwise 0 is set. The preferential policies of free trade agreements will reduce bilateral trade barriers to some extent and increase trade flows.

(6) LAN_{ij} expresses whether the two countries share a common language. Language affects communication cost, which is represented by dummy variable. 1 means common language, otherwise 0. A smooth language can eliminate more trade barriers, and a common language will promote the development of bilateral trade.

3.1.3 Unit root test

In order to verify the stationarity of the sequence, unit root test is carried out on each variable selected in this paper. In this paper, LLC, IPS, ADF-Fisher and PP-Fisher tests were used to conduct unit root test for the first-order difference of the original data of the explained variables and the main explanatory variables in the model. According to the analysis of the test results, the original data of $\ln GDP_{it}$, $\ln GDP_{jt}$, $\ln POP_i$, $\ln DIS_{ij}$, FTA_{ij} and LAN_{ij} did

not reject the null hypothesis of "unit root existence", which indicated that the original data was non-stationary. Therefore, the unit root test of first-order difference was needed for lnGDP_{it}, lnGDP_{jt}, lnPOP_i, lnDIS_{ij}, FTA_{ij} and LAN_{ij} According to the test results, lnGDP_{it}, lnGDP_{jt}, lnPOP_i passed 1% significance level test, lnDIS_{ij} passed the significance level test of 5% and 10%.Namely, both the first-order difference reject the null hypothesis and the data are stable, but *FTAij* variable raw data and the first order difference are not rejected "unit root" null hypothesis, indicates that the variable is not through stationarity test, thus eliminating the variable.

Table 4. Unit root test results

variable	LLC Inspection	IPS Inspection	ADF-Fisher Inspection	PP-Fisher Inspection
Ln*GDPit*	-2.8767***	-0.3221	15.9231	30.8596*
D (Ln*GDPit*)	-7.9931***	-3.6172***	40.9143***	71.9053***
Ln*GDPjt*	-3.0708***	0.1227	13.8291	29.8140***
D(Ln*GDPjt*)	-2.5208***	-3.2634***	21.6166***	39.1392***
LnPOPj	-3.7526***	-0.5987	24.3259	14.2423
D(Ln*POPj*)	-15.5064***	-2.4173***	43.8724***	25.2629***
LANij	-4.3182***	-1.1277	21.1132*	21.4461*
D(*LANij*)	-7.0317***	-1.8665***	48.4475***	57.6142***
Ln*DISij*	-2.7301**	-0.2033	18.7535	25.1509**
D(Ln*DISij*)	-3.7336***	-1.4077*	22.8182*	25.1563**
FTAij	0.0813	0.7081	5.1176	30.9358
D(*FTAij*)	-1.5708*	-0.7275	17.7621	52.0237***

Note: D in the table represents first-order difference. *, ** and *** indicate significant at the level of 10%, 5% and 1%, respectively.

3.1.4 Panel co-integration test

The co-integration test methods can be divided into two categories, one is Engle and Granger two-step test including Pedroni test and Kao test, and the other is Johansen co-integration test. This paper mainly adopts Kao test, and the test results are as follows:

Table 5. Co-integration test results

Inspection methods	the null hypothesis	statistic	t-Statistic	Prob.	conclusion
Kao test	no co-integration relationship	ADF	-3.3695***	0.0000	reject

3.1.5 Empirical results

After passing the stationarity test above, the variables that failed the test were deleted in this paper to get a new gravity model. The regression results are shown in Table 6.

Table 6. Regression results of gravity model

Variable	Coefficient	T Statistics	P value
C	-11.25987	-14.49707	0.0000
lnGDP_{it}	0.942061	14.66546	0.0000
lnGDP_{jt}	0.570741	8.509772	0.0000
lnPOP_i	0.125905	2.600167	0.0099
lnDIS_{ij}	-0.677407	-4.575687	0.0000
LAN_{ij}	0.312351	5.921334	0.0000
R^2=0.791128 Adjusted R^2=0.785607			
F=143.2981 p=0.000000 DW=2.420551			

Data source: collated according to Eviews output

The regression results show that the determination coefficient of the regression equation R^2 is 0.791128 and the adjusted R^2 is 0.785607 at the 1% confidence level. The model has good goodness-of-fit. The F statistic is 143.2981, and the corresponding p value is 0, indicating that the regression equation has passed the test on the whole, and the independent variable has a high degree of explanation to the dependent variable.

In terms of the practical significance of the regression results of the model, firstly, the coefficient sign of the variable GDP_{it} is positive, indicating that the change of China's GDP will have an important positive impact on the export of pharmaceutical products. Other things being equal, if China's GDP increases by 1%, China's pharmaceutical exports will increase by 0.94%. The bigger China's economy means more pharmaceutical products are produced in China, which boosts exports. Second, the coefficient symbol of the variable GDP_{jt} and is positive, which has a positive impact on the export volume of China's pharmaceutical products. That is, if other conditions remain unchanged, the GDP of the importing country increases by 1%, the export volume of China's pharmaceutical products will increase by 0.57%, indicating that the expansion of the economic scale of the importing country will improve the demand structure of the importing country and increase the import demand for China's pharmaceutical products. In terms of coefficient, China's GDP has a greater impact on the export volume of China's pharmaceutical products than the GDP of importing countries, and China's economic scale and supply capacity are more decisive to a certain extent. Thirdly, the coefficient of variable POP_j is 0.12, indicating that the demographic dividend of importing countries still has a positive impact on China's pharmaceutical export trade. As a developing country with a large population in the world, India has a strong potential demand for pharmaceutical products, and the export trade of pharmaceutical products from China to India is also full of opportunities. Fourth, the coefficient of the variable DIS_{ij} is negative, in line with expectations. Geographic distance impedes China's export trade in pharmaceutical products. In other words, if other conditions remain unchanged, every 1% decrease in the distance between China and its partner countries will increase China's pharmaceutical exports by 0.67%. Therefore, the establishment of better infrastructure and the minimization of transportation costs will provide a boost to pharmaceutical exports. At last. The dummy variable LAN_{ij} has a positive promoting effect on China's pharmaceutical export trade. English is very influential in India, and English is one of the official languages of India. The language advantage of Indian human resources makes the culture of India closer to multinational companies, and reduces the language and cultural barriers in India's international cooperation. At the same time, many senior executives of Indian pharmaceutical companies have overseas working and management background and professional managers familiar with international business cooperation, which forms the comparative advantage of Indian pharmaceutical trade. Especially for cross-border e-commerce, the most difficult problem is communication and payment. As a cross-border e-commerce platform for the first batch of Indian drugs, the operation model of "India's First Pharmacy" is reflected in the presence of a separate operation team for customers. For example, all the customer service staff of the shopping mall for Chinese customers are Chinese nationals or proficient in Chinese. This method effectively avoids the problem of communication and payment. Although the operation cost has increased, the user feedback is the best.China and India should strengthen cultural and linguistic exchanges and promote the development of medical trade.

3.2 Estimation of trade potential of Chinese pharmaceutical products exported to India

For the measurement of export trade potential, In this paper, the method of Liu Qingfeng and Jiang Shuzhu (2002) is adopted to bring the data of explanatory variables over the years into the extended trade gravity model, so as to obtain the simulated value of the export volume in the theoretical state. Then, the actual export volume is divided by the simulated export volume, and the ratio obtained is the trade potential value of the export volume. If the ratio is greater than or equal to 1.20, it is a "potential reshape ", indicating that the existing trade

potential has been exhausted; if the ratio is between 0.80 and 1.20, it is a " potential development " type, indicating that the potential of both sides of trade has not been fully exploited, and there is still room for further expansion of bilateral trade relations. If the ratio is less than or equal to 0.80, it is a "huge potential", indicating that there is a huge trade potential, and the possible factors that hinder the growth of export trade need to be excluded. Accordingly, the parameter data of China and India from 2001 to 2018 were substituted into Equation (2) to obtain the simulated value of China's pharmaceutical products export to India from 2001 to 2018, and then the potential value of export trade was obtained. As shown in Figure 1, 2001-2018 China exports to India's exports is greater than the actual simulation pharmaceutical products, and the ratio of the two is greater than or equal to 1.20, the overall belongs to "potential reshape ".

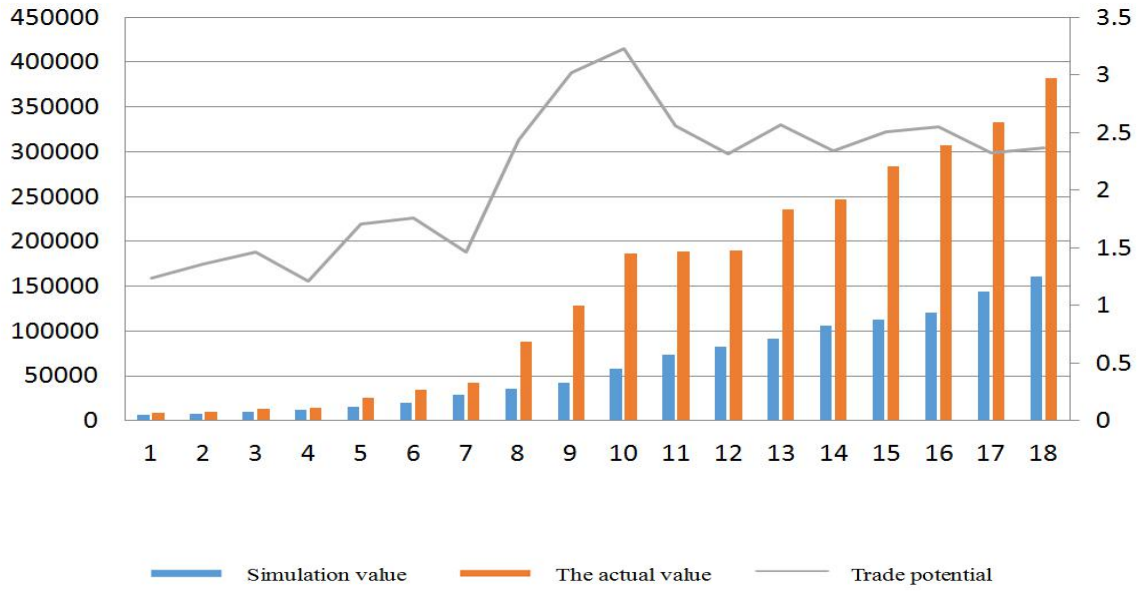

Figure 1. Analog value, actual value and ratio chart of China's pharmaceutical exports to India

Data source: collated according to Eviews output

4.CONCLUSIONS AND SUGGESTION

4.1 Conclusion

First, through the empirical study on the explicit comparative advantage index (RCA) of trade between China and India, it can be concluded that China has strong international competitiveness in 3001, 3002, 3005 and 3006 pharmaceutical products. India, on the other hand, has strong international competitiveness in 3004 and other pharmaceutical products. The differences between China and India further consolidate the foundation of pharmaceutical trade cooperation, and the two countries urgently need to further strengthen economic and trade cooperation and expand the trade scale.

Second, extended Trade Gravity Model was used to empirically test the significance of China's influence factors on India's pharmaceutical exports. The regression analysis shows that the GDP of China and India, the population and language of India promote the export of Chinese pharmaceutical products to India, while the transportation cost represented by the bilateral distance hinders the development of the export trade of Chinese pharmaceutical products to India.

Third, from the results of export trade potential analysis, China's export trade of pharmaceutical products to India as a whole belongs to the “potential reshape” type. This indicates that China needs to develop a multi-level and diversified new trade pattern while maintaining the existing development pattern of pharmaceutical trade.

4.2 Suggestion

In the external environment of rising protectionism, sluggish world economy and shrinking global market, uncertainties and destabilizing factors in global trade have increased significantly, which has made India's diplomatic and military routes increasingly warlike and led to increased trade frictions between China and India.

However, in the face of the most serious pandemic of infectious diseases in the past century, the fundamentals of China-India trade in pharmaceutical products remain sound in the long run. It is more urgent to accelerate the cultivation of new competitive advantages in China-India pharmaceutical trade. Under the current new development pattern of domestic cycle as the main body and domestic and international double cycle mutual promotion, in order to promote the innovative development of pharmaceutical trade and promote the joint construction of high-quality development of "One Belt And One Road", this paper puts forward the following development suggestions:

4.2.1 For government

First, Governments should strengthen exchanges and cooperation. The government should take the "One Belt And One Road" initiative as an opportunity to explore trade liberalization of important medical materials, actively and steadily promote the construction of a "green channel" for goods, maintain the safe and smooth operation of the global industrial chain and supply chain. We will promote high-quality "One Belt and One Road" cooperation and work together to overcome the challenge of the epidemic. Secondly, the government should increase the investment in the pharmaceutical industry, and improve the international competitiveness of China's pharmaceutical products through scientific and technological innovation and digital transformation. The government can fully rely on the Asian Infrastructure Investment Bank to expand China's infrastructure investment in the "One Belt And One Road" countries such as India, promote the construction of the Bangladesh-China-India-Myanmar Economic Corridor, strengthen the construction of digital infrastructure, actively reduce the negative impact of distance factors on the trade of pharmaceutical products between the two countries, and stimulate greater trade potential. Last but not least, we should promote medical culture and people-to-people exchanges between China and India. We should actively cultivate talents proficient in the languages, customs and economic and trade laws of both sides, further improve the quality of our language services, improve the international universality of Chinese, use English as an effective communication tool, and appropriately use Hindi to enhance feelings and cultural identity, facilitate orderly exchanges of personnel, and reduce trade risks.

4.2.2 For companies

First, Chinese and Indian pharmaceutical companies should strengthen cooperation. Cooperation in the field of medicine and health is an important part of the "One Belt and One Road" construction. Chinese pharmaceutical enterprises should make full use of various preferential policies and international resources under the "One Belt and One Road" initiative to improve the quality and growth of China-India pharmaceutical cooperation, diversify the product structure of China-India pharmaceutical trade, and reduce the impact of competition of homogenized pharmaceutical products. At the same time, Chinese pharmaceutical companies should fully understand Indian customs, medical demand preferences and local laws and regulations, customize sales in terms of pharmaceutical product grade, price, trademark and curative effect to expand the scale of pharmaceutical trade. Secondly, enterprises should enhance the modernization level of the industrial chain and supply chain, strengthen the innovation of pharmaceutical products. At the same time, in the production process of pharmaceutical products, enterprises should strengthen supervision to ensure product quality. Finally, Indian cross-border e-commerce enterprises should further reduce the cost of cross-border trade, improve the logistics and distribution system of pharmaceutical products, improve the safety of cross-border pharmaceutical products, conduct new media marketing and social media interaction on the clustering websites of consumers in their

respective market segments, and create first-class consumption experience.

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