

PANEL DISCUSSION REPORTS
Trade, Development and Global Politics:
CAN INDIA AND CHINA
SPEAK IN ONE VOICE?
October 30th, 2014



Centre for Economy Development and Law



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PDS_CEDL 14/003

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As India and China have similar economic issues and interests, relationships between both of them are inevitable. But the main problem between these nations are the lack of mutual trust in the relationship, both doubts each other even though they stand together in common interested areas like issues related to environment and economic development etc. in global summits. Issues keep coming up between them from time to time like the tension in border areas, issues concerning Tibet, China's support to Pakistan, constructions in Sri Lanka, border violations in boundaries and China's claim on Arunachal Pradesh and parts of Sikkim. Both the nations must tackle these issues, and is bilateral trade relations an answer? CED&L Panelists examine.

**PANEL
DISCUSSION
REPORT**

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EDITED: SUSHRUTH

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PANEL DISCUSSION REPORT – EXECUTIVE SUMMARY

Rise of India and China on the global stage has given a sign of emerging Asian era in which they will be the key players in world economy. Both hold a rich tradition and cultural heritage from the colonial period itself and have resemblance to each other in many ways. Both are cradles of civilisations and have experienced the period of colonialism and imperialism under different dynasties. They also have a great story of freedom struggle and revolutions which were the awakening bell for the two sleeping giants. After the independence both have seen massive development in different areas. China had become a manufacturing hub while India concentrated on service sector. India and China are the fastest growing economies in the world, both having trade relationships with world nations. The world looks forward to the east as the GDP rates of these nations have seen a subsequent increase in recent years. India and China faces same problems like poverty, increasing population, undeveloped rural populations, wide gap between poor and rich, highly populated cities, unemployment and under employment, internal and external threats, corruption and increasing dissatisfaction among the people. As India and China have similar economic issues and interests, relationships between both of them are inevitable. But the main problem between these nations are the lack of mutual trust in the relationship, both doubts each other even though they stand together in common interested areas like issues related to environment and economic development etc. in global summits. Issues keep coming up between them from time to time like the tension in border areas, issues concerning Tibet, China's support to Pakistan, constructions in Srilanka, border violations in boundaries and China's claim on Arunachal Pradesh and parts of Sikkim .India and China should try to tackle this issues and need to increase mutual trust, then only economic development will be attained to its peak. A ray of hope is visible by the ongoing bilateral relations in last few years as the trading between China and India exceeded 65 billion. China has now become India's largest trading partner, both initiated to increase cooperation through BRICS and stood together to speak in global summits for developing nations. Therefore, both can speak in one voice in the symbiotic language of trade development in global politics.

This panel discussion focussed on the need and importance of Indo-Sino relationship in trade development and global politics.

KNOW OUR PANELLISTS

1. DR. K. N. RAGHAVAN (Commissioner of Customs, Kochi) Author of the book “Dividing Lines: counters of China – India conflict.
2. MR. MURALEEDHARAN NAIR (Former Indian Council in China, visiting Fellow designate at Institute for contemporary Chinese studies M. G. University.)
3. DR. JOE THOMAS KARACKATTU (Asst. Professor IIT Madras for fellow at Yale University for year 2008-09 author of the book “The economic partnership between India and Taiwan in the post ELFA ecosystem”.
4. DR. PRAMOD. C. R. (Asst. Professor Kerala Varma College Thrissur) M.Phil , PhD from centre for East Asian Studies.

CAN INDIA AND CHINA SPEAK IN ONE VOICE?

Dr. K. N. Raghavan

India and China are two nations having a resemblance to each other. Both have a history of great civilizations and are culturally related to each other. Both the nations co-existed in peace for decades. The trade relations between the countries have long history to narrate starting from the Silk Road which was a major trade route from the ancient times which led to the spread of Buddhism to China and also facilitated China's growing opium trade. India and China have faced a period of colonisation and imperialisation and both have fought for independence. Decades of freedom struggle have brought freedom to both the countries from the same oppressor. India chose to be a democratic country under the patronship of Mahatma Gandhi in 1947 and China became independent in the year 1949 October 1st at the end of Chinese civil war under Mao Zedong making it a communist country. Though Indo-Sino relations have a history of two thousand years, the modern relationship began in the year 1950 when India was one of the first countries to end relation with Republic of China (Taiwan) and recognised Peoples Republic of China as the legitimate government in the main land of China. Both are populous countries and growing economies. They have so many common interests and problems like the need to tackle common socio-economic problems such as poverty, widening economical rift between rich and poor, internal conflicts, over production, inefficiency in consumption, corruption and environmental issues etc. But these nations struggle to resolve many disputed issues like China's support to Pakistan, border issues, especially Tibet and Aksai Chin.

- Border issue

India and China shares miles in the border area and border issues are raised from time to time. The border issues between India and China is the root cause of the all problems. Border issues have a long history since the British period of colonisation. India's northern boundaries are mainly Kashmir, plains of Uttarakhand, Himachal Pradesh, Nepal, Some parts of Sikkim and Arunachal Pradesh. India's boundary extends up to Karakoram Range to Aksai-chin. In 1865 Mr. Johnson, a civil servant with the survey of India proposed the Johnson's line which put the Aksai-Chin in Kashmir and the map was presented to the Maharaja of Kashmir who then claimed 18,000sq km contained within his territory but this line was criticised because it was inaccurate since it extends to more areas than India claimed. In this map Aksai-chin belong to India. In British rule this area was demarcated. Upon independence in 1947, the Indian Government used the Johnson's line as the basis for the official boundary in the west which included Aksai – Chin. War occurred between these

nations for the unresolved boundaries and in 1963 China defeated India and occupied Aksai-chin which India claims to be its own. Border issues are still unresolved today in Aksai-chin .

- Tibetan issue.

In the colonial period Britain had an independent relation with China. Britain claimed India's boundary up to Karakoram Ranges. Tibet is located in the north eastern part of India which is a Buddhist majority area headed by the spiritual head Dalia lama. China claims Tibet as their area and conflicts breaks out from time to time. In order to resolve the issue, discussions were held between China, India (Britain) and Tibet. Other than this discussion, Britain allowed a parallel discussion with Tibet. As a result Dalia Lama surrendered 5000 km of area to British India. Border dispute was further negotiated during the Shimla Conference under the chief negotiator Sir Hendry McMahon and boundary was set up and it was named McMahon line. As a result McMahon line became a boundary in between China and India in Tibet. Delegations of China were also present in the Shimla conference. China refused to sign the principal agreement but raised no question against it and they initialled on it. So McMahon line became frontier between Tibet and India .The boundary runs from eastern border Bhutan along the side of Himalayas it reaches the great bend in Brahmaputra valley where the river emerges from its Tibetan course into Assam valley. McMahon line remains as the boundary between India and China in Tibet region for long time. After the British left India, border disputes sprang up.

In 1950 China entered Tibet, created tensions in the area and occupied Tibet and in 1959 Dalia Lama escaped to India and he was accommodated in India which created tensions between India and China. In 1963 war started between both nations and China defeated India and occupied Aksai-chin which India claims as its own.

- China and Pakistan.

China and Pakistan are the nearest neighbours of India with which India has long historical relations and disputes on boundary. China has been a supporter of Pakistan for long since independence. China opted Pakistan over India, but we have seen a drastic change in the relation between them. In 1965 China supported Pakistan and in 1971 China criticized India's actions and in 1998 China didn't support Pakistan. This shows China's changing attitude towards Pakistan and India.

Problems faced by China

As China is an economic power, they use their power against the small nations to save their interest. So from time to time conflicts arise between small nations and thus China has internal issues with southern countries. South China Sea is rich in mineral resources and includes many islands which China claims as its own. But southern countries like Vietnam, Malaysia, Philippines and Breune does not accept this claim and often tensions are created in

this area. For resolving these issues, China is putting forward the suggestion of bilateral discussions but as China is more stable and powerful the south-eastern countries doubt China and they want discussion in the forum of ASEAN, for resolving the disputed issues, which China objects. Taiwan is another issue which the China faces because Taiwan now exist as an independent state under the support of USA and tensions are common in this area. China also faces so many economical issues which include high concentration of income to certain group of people, wealthy people becomes wealthier and poor are becoming poorer, increased income concentration in cities than in rural areas that is the average income of Chinese cities is more than three times higher in village areas, inequality between urban and rural population is at its peak. In China, migration is also a serious issue of concern, that is, the migration takes place between rural areas to urban areas especially from central and western provinces to the industrial metropolises in the east coast of China. Increasing difference between the sectors in China is also a major concern as all the three sectors are not showing the same extent of economic growth rate, China is still concentrating on primary and the secondary sectors and give less emphasis on the tertiary sector and this can affect their economic growth since the tertiary sector play a major role in modern economic growth. China needs to overcome these issues to bring the economic growth in right path

China in trade

China became a giant in trade within a short period of time. China is the largest exporting nation in the world. Around 42 hundred billion volume of trade happens every year. China is an active promoter of exports and imports. China's overall foreign export is around 5000 million dollars per year

New turns in the relationship with China

The two nations seems to have come forward to a stage where themselves can mandate to prepare a common agenda on global forum and have agreed to make joint efforts to democratise international relations and strengthen their roles in UN and other international forums in promoting global peace, security and development.

As developing nations, both have common interests on several issues of global importance like climate change, WTO, energy, Food security, reforms of International Financial

Institution and governance. Their Co-operations have now been raised into a new level by the introduction of BRICS. It is a new platform of relation between the nations, Brazil, Russia, India, China and South Africa. This union is made to increase economic and strategic relations and to strengthen the development among these nations. In order to increase cooperation BRICS nations have initiated to start a bank and it is called NDB (National Development Bank) or BRIC development bank. It is viewed that this bank would be an alternative to the US dominated IMF (International Monetary Fund) and BRICS bank also has a reserve currency pool of \$100 billion. This bank mainly aims to increase financial cooperation and to increase economic development among BRIC nations which constitutes 40% of world population and an account 25% of GDP. In BRICS bank each participating nation will be assigned 1 vote and have no veto power and this bank is head quartered in Shanghai in China.

Steps India Have to Take In order to Increase Strategic Relationship with China

As China is growing economic power India must engage with China because it is India's need more than China. As China concentrates mainly on secondary and primary sectors, India has a great advantage as India mainly concentrates on service sector. In Indian companies can provide services to the Chinese companies and that can benefit Indian companies. India can engage China in sectors like education, pharmaceuticals and other valuable services in service sector. India should keep ultimate relations with China which can bring a link with China's Industries that can lead to a massive increase in economic development.

Strategic relations in trade can decrease the conflicts between the nations and both can speak in one voice in trade.

FUTUTRE PHASES OF INDIAN ECONOMY

MR. MURALEEDHARAN NAIR

China is an enigma that no one can predict. It is still a mystery for the world. In ancient times the world was not having much information about China. So China was hidden dragon in the world history. China was ruled by different dynasties who imposed imperialism and feudalism. In 1949 Chinese liberations started under the leadership of Mao-se-Tung which spread from villages to cities. Evolution of communism gave away the feudalism and created a society of comrades.

Mao's experiments on the society were failures, since the farmers were asked to leave farming and to produce steel and as a consequence farmers left farming and concentrated in steel production as a result the main land faced a huge famine which caused the death of around 35 million people. In the period of modernisation China opened its doors to investment and China encouraged overseas Chinese to invest in China . China accepted model of "Investment cum export".

The present phase of china

In present China, it can be observed that there is a huge rise in middle class and a huge market and the domestic consumption is also rising There is drastic change in the shopping habits of young Chinese. They spent more on shopping and less on savings which increased domestic consumption to rates. Even though the domestic consumption is increasing it is not up to the expectations. China is having over production but yet does not have a high domestic consumption there GDP increased to around 7%, China would become a largest economy than US in Purchasing Power Parity (ppp). Chinese sector of development booms and Chinese economic growth reaches new heights. In 2013 December 31 China's global economic contribution was 17.632 trillion. In order to increase economic development China is taking many measures in the economy which include introduction of online banking, privatization of educational institutions and now 2/3rd of the educational institutions are privatized. China is introducing marketization of land, price and electricity. The shares of the state owned enterprises are distributed to private parties as the communist party is facing a credibility depletion. Anti- corruption drives were introduced to control corruption.

Worries of china

Even though China is great economic power it faces many problems, mainly over capacity. China can produce enormously but they face a problem in selling due to over productivity, which means they can produce in a large quantity but the consumption is very less. Other main issue they face is the unproductive investment. In order to control population China introduced one child policy, as a result, China is facing a problem of demographic deficit, under employment and unemployment problems. In China 70 lakhs of graduates pass every year from different universities but only 35 lakhs get jobs according to qualification. It also faces the problem of uneven distribution of resources. In China resources are not reaching to the needy, it is concentrated in higher sect in the society, wide gap between the rich and poor and conflicts and internal tensions increases from time to time

Areas where India can look on

As China in India's largest trading partner, India can take advantage of this worries by focusing on doing trade on the sectors where China hurdles the most, especially in service sector. As India has lot of strong points that have to be reflected in the trade with China especially in the field of health care, hospital management, education as the privatization is increasing which makes a strong hold for India. Tourism is another industry were India can have good trade with China. Film industry can also be a boon for trade between India and China. Since both nations can have large trade relations for their economic growth, India and China can speak in one voice in the language of trade.

INDIA – CHINA ECONOMIC RELATION

DR. JOE THOMAS

India and China hold historical relation with each other. Both nations have impressive economic growth rates. India and China are two eminent nations in the Asian Subcontinent. China is the largest trading and exporting nation in the world. So the trading relations with China can always benefit India. China has been India's highest trading partner. India- China has six top containers ports out of ten in the world. To keep economic relation with China is India's need.

Economic shifts in the world

The world has experienced so many economic shifts. Up to the 16th century, most of the world GDP was contributed by India and China and the economic power was rested in the hands of Asia and later this contribution become low and economic power started shifting from Asia. In 18th century the world experienced an economic shift. Economic power shifted from Asian countries to the European countries due to the industrialisation. In the beginning of 20th century the world had experienced the rising up of new economic power, North America.

As the time changes, when the world has reached the 21st century the economic shifts back to Asia especially to India and China.

Development and Comparison of Trade Relations between India and China

India and China hold a great tradition and culture. China was a rural population and have suffered decades of isolation and central control after independence reforms were introduced and society's nature has been shifted from agrarian society to manufacturing society. India also had the similar situation and reforms were introduced and society's nature was been shifted from agrarian society to service society. What India missed out was the manufacturing sector. It was a great drawback of Indian development. As the time has leaped, China has become Indian great trading partner. India-Sino trading relations are increasing drastically. In past 2001 years India-Sino trading relations have attained peaks. After 1992 both opened up border trade. India-China trading increases and China becomes

Indian Largest trading partner. India exports primary goods like ores and minerals to China and primary good value range is very low and the job creation is very low and India imports highly value added primary products and income generated is very low. China sells what they are good at and India does not make advantage of resource bared exports, India should concentrate on manufacturing goods. India imports around 63% of intermediate goods from China. Production capacity of Chinese companies is very high when compared to Indian companies. One Chinese company have the power to generate 50% India's total production of electricity

As China is India's largest trading partner. China's cumulative investments in India till October 2012 is 65% million US Dollars. In 2014 cumulative investment was 470 million dollars and total of 763 million nonfinancial direct investments. Small scale enterprise interaction (SME –SME interaction) has been increased. So that it can give a new phase to the economic relations with China. These interactions are showing hope and scope in relation.

Issues faced in India

Securitisation of economic ties

Chinese companies are being investing in India for long. But the traditional view of India suspects Chinese companies and national security issues are being raised against them it is making problems to Chinese companies in investments. Recently II of 14 applications of Chinese companies for investment in India, since Feb 2010, was rejected (Chinese vendors YIE and HUAWEI) raising security issues.

Non-tariff barriers

Governments are implementing unnecessary duties to foreign companies in order to help the domestic production. It is harming the domestic manufactures since imports duties are high the manufactures couldn't afford it and create huge lose.

India ranks 4th (volume) and 14th value in Global market of pharmaceuticals and over 50% of UN vaccine supply and it is self-reliance in the production of pharmaceuticals. But Indian Companies could not take benefit from this advantage in trade with China and this advantage is not reflected in the trade with China. Since China has very complex requirements and

shows favouritism to domestic drug companies and Indian Companies may take 2-4 years to gain approval in China and it can be done in one year in USA. So companies are not interested to invest in China. It is a main setback in the economic relations with China.

Directionality

India and China has faced up and downs in their economic relation but in recent years trading relations are in the good track and economic interdependence has lessened the bilateral conflicts.

- (i) 1947 to 1992 = low economic interdependence = visible conflict
- (ii) 1992 to 2003/04 = Improved economic interactions = reduced conflicts
- (iii) 2004 onwards = Economic interaction raising = economic interaction

Convergence

There are so many areas where India and China can converge their interests since both are growing economic powers, developing populous and trading partners and faces same common issues like climate changes , food security etc. So in similar interested areas India and China can converge. India and China can converge in demographic dividends where Chinese and Indian fertility rates and population rates are increasing. India can provide other half a billion of consuming middle class. Indian domestic consumption is higher than China when compared to production. India has labour but we lack infrastructure and by increasing trade with China will help India to have a faster economic growth. Border trade has been opened but only .002 percent of total trade has occurred. Tourism is one of the major areas where India and China can interact with direct linkage which China will make in able to understand the need of trade with China.

How it benefit India? It is important to increase economic relations with China for its stature of growing economic power. India should make use of its strengths and it should be reflected in the trade with China. By keeping in view of all the dissimilarities, India and China can speak in one voice.

ENVIRONMENTAL GOVERNANCE IN INDIA AND CHINA: A COMPARATIVE STUDY

DR. PRAMOD C.R.

Learning from each other is how we can speak together in one voice. Environmental Governance is a common interest area for both nations since both are growing economic powers. Environment governance should be take place without slowing down the pace of economic development.

Environment Performing Indicators (EPI) Rank. India as 151 and China is also at the lowest level and the ranks are further declining. So it is important to stand together in the environmental issues.

Environmental governance in Indian context

By 1990 India started understanding the need of environmental governance and since then India had implemented laws to protect environment yet our environmental governance declines rapidly due to :-

No-coordination between various departments and decentralisation since administrative unit and environmental units are two separate units. There was a requirement of single authority. Since India is growing economic power for taking care environmental governance. We cannot stop development, so the constant growth in a requirement growth need is dominating and affected by the environment issues.

Environmental governance in Chinese context

At one stage environment become China's concern and they realised the need of change in environmental governance and they started many administrative methods. They created environmental Laws in order to protect environment. But China has no institution for the protection of environmental governance. In 1996 decision were taken in regarding the environmental governance by Ministry of environment protection of China. Actual implementation of Laws in China is very weak in Chinese context.

India and China: environmental governance

Both face same fate in environmental governance. Idea of cumulative impact which is common for both the nations. Absence of a proper cumulative study on environmental issue is a major problem. Therefore India and China can speak together in the environmental governance. Since the worries are same

QUERIES RAISED TO THE PANEL

1. How do you see on going protest in Hong Kong? Will China be a democracy?

Hong Kong has its roots in democracy but whole China does not want it and communist party is very cautious about these protests. China won't be a democracy in near future.

2. Whether one Child policy has an impact on Chinese society?

Yes, this policy has a huge impact on Chinese society. This made easier to divide resources among people.

3. Why common people in India have a negative prejudice on Chinese product?

It is the Indian business men who are responsible for it. Seller takes low cost products and sell in cheap rates. So we are not getting high quality products from China.

4. What is the condition of Chinese working class?

The condition of Chinese working class is not bad in China. They are getting facility in public sector but there is huge exploitation of labours by overseas Chinese investors. Government implemented good laws for protection.

5. How could India be a consumer hub which the China is looking for?

In China, there is production but low domestic consumption. This time China has to sell its products. So it looks to India Since India has huge domestic consumption and stable per Capita income for consumption. So India is consumer hub for China.

6. Whether the visa issues effects tourism?

No, visa issues do not affects tourism since the Chinese who visit India is very less compared to other foreigners so visa issues are not affected. But it is important to increase tourism. When tourism increases then only the interaction and understanding will also increase between the nations.

7. How environmental governance is possible with China?

China becomes very successful in reducing carbon dioxide. So there is actual concern on their part. Approach of Chinese government to environmental issues is hopeful so environmental governance is possible with China.

8. Panel opinion about the Chinese government's approach to people?

China is showing difference in attitude towards the people. Local level elections are held and performance oriented selection exist in China. But still government is against democracy.

9. Unless China become democratic like India, can they hold good relationship?

Quality of the relation depends on how we deal with each other. It is not necessary that to focus on the type of government China has for a better relationship.

Conclusion

India and China are the two nations who are going to lead the world. The co-operation and coordination is inevitable. In this panel discussion the experts have given stress to the importance of Indo-China relation and the discussion had brought a new outlook to the young people's view towards approaching China. In the discussion the experts pointed out the historical relations and resemblance so it is beneficial for both nations to be friends than to be foes and both can strengthen their relationships in different fields like trade, tourism, education, service, manufacturing and other new sectors where the coordination is essential. Trading relations can be taken into new heights as both have immense opportunities in trading sector India and China can also focus to increase the strategic relations in fields of environment and food security and can also resist the developed countries from imposing their interests on the developing nations BRICS summit is a new beginning of co-ordination and it should be welcomed allowing Chinese companies can increase the possibility of better relationship with China and it can open new opportunities in relations

India and China can speak in one voice in trade and global politics. When India and China speak in one voice the world will pay attention.