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No. 024/2013 dated 7 February 2013

## Rise of China and India: Global Game Changer?

By Sajjad Ashraf

### **Synopsis**

*Relations between China and India have grown apace including in military cooperation. As they become the largest economies in the world this century they will together be the main drivers of the global economy.*

### **Commentary**

IN A parallel development with the rise of Asia, bilateral relations between the two largest countries, China and India, have improved remarkably since the late 1980s. Trade volume, which was about US\$3 billion at the turn of the century has soared to US\$80 billion, making China India's largest trading partner and India China's biggest trading partner in South Asia. They aim to increase their trade to US\$100 billion by 2015.

Underscoring the importance of China-India relations Mr Xi Jinping, the new General Secretary of the Chinese Communist Party and President-in-waiting of China, in a letter to Indian Prime Minister Manmohan Singh, assured that China "expects to carry out close cooperation with India to create a brighter future of their bilateral relations". The world, he added, has enough space for the two and "needs their common development"

### **Boom in economic activity**

In a sign of their growing engagement China and India announced a resumption of joint military exercises at the conclusion of their joint defence dialogue in mid-January. Reacting to the news, the leader of the Opposition in the Indian Parliament Shushma Swaraj said the future generations are assured of peace and prosperity.

Indian business circles are ecstatic about the growing China-India business relationship. The common people of India, as elsewhere, are happy benefitting from the mass of cheap Chinese products. Together, China and India as factory and service centre respectively to the world, are on track to drive much of the global economy this century. This volume of business activity reflects the two countries' mutual political guiding principles that "economic and trade relations are conducive to the increase of mutual trust..."

The IMF estimates that the Chinese total GDP may over-take the US by 2017. By the middle of this century China and India will be the biggest economies in the world. Together the two have a GDP of approximately US\$ 10 trillion and are expected to make up around 30 per cent of the world GDP in 2015 lifting the continent and far beyond with them.

China has become the world's second largest oil importer after the US importing roughly 5.5 million barrels per day (BPD), while India at number four imports approximately 2.3 million BPD. The bulk of their oil originates from the Persian Gulf and Africa. As economic powerhouses both need to cooperate in ensuring the security of sea-lanes.

### **New strategic environment?**

China and India are ancient civilisations, known for their immense contribution to human knowledge, growing peacefully across Himalayas. People from both countries have spread afar peacefully taking along with them Chinese and Indian cultures to the far corners of the world with no histories of colonizing others. In the new strategic environment of a globalised world the two countries are poised to take their cooperation to a new level.

While there are many convergences between China and India there still remain several disputes, which need to be managed and defused carefully. The short 1962 border war is an aberration in centuries of peaceful existence, leaving behind an unpleasant legacy of disputed border from Arunachal Pradesh in the east to Kashmir in the west. There are differences over Tibet and rivers flowing from there and over how India deals with Pakistan – China's important ally.

India watches warily as the Chinese build ports in Pakistan, Sri Lanka and establish their presence in Seychelles and along the east coast of Africa. The Chinese are concerned at India-Vietnam oil explorations in South China Sea, which China claims as its territorial waters.

### **Differences and partnerships**

The differences have not deterred the two countries from developing economic partnership as a precursor to solving more intractable issues, such as their border disputes. China is convinced that America's "pivot" to Asia policy is meant to contain China. It's worrisome for China when influential US analysts like Robert Kaplan openly promote India "to act as a counter-balance to the rising Chinese power."

That is why very early in his term Mr. Xi chose to send a personal letter to Prime Minister Manmohan Singh acknowledging India as a key interlocutor for maintaining peace and security in the region. An alignment where China feels "contained" is not in India's interest nor Asia's; indeed their being adversaries will hinder the Asian century.

Having decided under Deng Xiaoping to single-mindedly pursue economic development, China has in 30 years lifted over 650 million Chinese out of poverty and is well on the way to global leadership. India too has released its economic potential by liberalising its economy and boasts a middle class population of over 350 million. The two need to complement each other.

This "democratisation of human spirit" amongst the third of mankind, as one Asian thinker calls it, channeled constructively together by China and India, can be the game changer for the good of the world. This should not be sacrificed for big power politics.

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