

Report on the academic visit of delegates from the Academy of Macroeconomic Research, National Development and Reform Commission, China to ICS

Delegation: Gao Guoli Xu

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Venue: ICS Seminar Room, Delhi

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A six-member delegation from various institutes of the Academy of Macroeconomic Research (AMR), National Development and Reform Commission (NDRC) held an interactive meeting with several experts hosted by the Institute of Chinese Studies (ICS) along with other ICS research staff. Over the course of this discussion, the two groups exchanged views regarding the economy, trade and investments, the Belt & Road Initiative (BRI), amongst other subjects. The introductory remarks were given by Prof. Patricia Uberoi, Chairperson and Honorary Fellow at ICS.

Mr. Ravi Bhootalingam, Treasurer at ICS, began the exchange by highlighting the immense potential for closer Sino-Indian ties, stating that though bilateral trade has increased, it still remains below \$100 billion, while China's trade with countries like Vietnam, South Korea, and Japan far surpasses this figure. The primary obstacles to realising this potential are the differences prevalent in the basic structures of both economies, alongside market access issues on both sides. Mr Bhootalingam stressed on the need to expand dialogue further, by ensuring discussions between the two countries include government stakeholders as well as industry players. Another point raised was the need for India and China to collaborate in the neighbourhood, as other countries routinely make use of the perceived Sino-Indian rivalry to play the two nations off each other.

Mr. Santosh Pai, Partner at Link Legal India Law Services mentioned some of the ways in which Chinese companies are well-suited to assisting the Indian business space, such as Evehicles and transportation, the growing start-up ecosystem, Smart Cities, among others. He also alluded to the interest several Chinese companies have shown in acquiring substantial swathes of land in the country for manufacturing purposes. Of note is also the convergence of legal trends between the two countries such as the Data Protection Framework, Cyber Security bill, etc. Though the Indian legal system has borrowed a great deal from Western Jurisprudence, a great deal of the draft and enforced policies have been noted to have some similarity with Chinese examples, such as the definition of data as a national asset. Similarly, Dr. Jayan Jose Thomas, Associate Professor for Economics at IIT, Delhi proposed a serious shift from competition to collaboration, even though the domestic industry will always view Chinese imports as competition. This involves recognising that as India has an unemployment problem,

China is looking to move from low wage manufacturing to innovative value addition, and therein lies the scope for collaboration in fields such as Artificial Intelligence.

Dr. Huang Zhengxue is Division Director & Research Fellow at the Institute for Special Planning and Regional Economy, AMR, NDRC. He stipulated that while considering Chinese investments in the country with respect to manufacturing, one must recognise the vast differences between the two countries regarding land acquisition and development. As land in China belongs to the government, urbanisation and industrialisation occur rapidly and without the pitfalls associated with private ownership of land. India requires vast amounts of agricultural land to be rezoned and directed towards industrial purposes, which can be explored further through collaborative research.

Dr. TG Suresh, Adjunct Fellow at ICS responded to the previous argument by highlighting the differences in the two countries, especially as land is a crucial asset in rural areas. If India was to follow the Chinese model, massive unemployment would ensue, which India will not be able to absorb in the manufacturing sector. India's previous attempts at land acquisition have always included substantial provisions to preserve the people's right to their land, which is why large-scale acquisition and conversion is not feasible.

Placing bilateral ties in a larger regional/global context, Professor Amita Batra of JNU spoke about the lack of progress in taking the Regional Comprehensive Economic Partnership (RCEP) forward, and India's concerns about its trade deficit and an influx of Chinese goods as result. One of India's interests would be to be a larger part of regional value chains, which should be kept in mind while conducting joint exercises on how to take this relationship forward. Dr. Jaimini Bhagwati, RBI Chair at the Indian Council for Research in International Economic Research took this further by emphasising a political framework that must highlight cooperation rather than focussing on minor irritants that will resolve themselves with time. This cooperation can come in the form of greater bilateral freedom for Indian IT services in the Chinese market, reflecting India's competitiveness in services, while China's dominance in the trade of goods continues. He also highlighted receptiveness to Chinese suggestions about ways to overcome the surplus labour in Indian agriculture, keeping in mind the various differences between the two countries.

The BRI was also discussed at length, with several questions being posed to the Chinese delegation about whether the project was undergoing any process of revision, China trying to accommodate Indian sensitivities with China Pakistan Economic Corridor (CPEC), and the status of the Bangladesh-China-India-Myanmar (BCIM) forum with respect to the BRI.

Dr. Gao Guoli, Director & Research Fellow, Institute for Special Planning and Regional Economy, NDRC responded to these questions, and highlighted that several members of the NDRC have participated in BRI meetings. He stated that on an overall scale, there has been no change in the BRI, with regular dialogue between the 60 or so constituent countries and China being very successful. Small changes have been made in the BRI plan, transitioning from an ambitious plan to a more realistic one, which is expected to be sustained for a while. Several

issues have been covered in discussions with the relevant countries, such as debt programs, ecological implications, etc, with China always willing to discuss these problems with a view to find an ideal solution. Regarding the CPEC, Dr. Guoli emphasised that China has very strong relations with Pakistan, but from a strategic perspective China-India ties are much stronger than China-Pakistan ties. The BRI remains open for any country to join, including India. He iterated the need to start discussions with the basics - entrepreneurs, research scholars, etc as the BRI gives several opportunities for two governments to collaborate.

Regarding the BCIM, Dr. Guoli stated that the four individual countries each had their own stance, with China taking a practical view of the situation. The BCIM is definitely still relevant to the BRI and the hope that political issues are kept away from the economy to facilitate Sino-Indian collaboration. Dr. Hao Jie, Division Director & Research Fellow, Institute for International Economic Research, NDRC further said that many issues relevant to the BRI are hoped to be resolved by the end of 2019, including some discussions with India, and that the Indian perspective on tax reduction needs to be taken into account. She also mentioned the proposed FDI policy changes under the BRI, which present several opportunities that India should consider seriously.

Professor Sreemati Chakrabarti, Vice-Chairperson of ICS concluded the exchange by speaking about the impact of mass movements and popular opinion on the drafting of policy in India, as it is crucial to take into account Indian democracy and its consequences while Keeping in mind this crucial factor, sub-regional cooperation in places like South-East Asia and other ideas can be discussed. With this, Professor Patricia Uberoi and Dr. Gao Guoli exchanged thanks and concluded the delegation visit.

This report was prepared by Samanvya Hooda, Research Assistant, Institute of Chinese Studies, Delhi.