

RESETTING BALANCE

Relevant for: International Relations | Topic: India - China

Delhi's move to prevent a predatory Chinese hunt for Indian companies comes at a time when the stock market has been badly bruised by the [coronavirus](#). It underlines the emerging perception in Delhi that there is no separating commerce and security in dealing with China. Delhi's concerns are similar to those being expressed elsewhere in the world. A number of European countries have already moved in that direction. In recent years, apprehensions have grown, in both the developing and developed world, that China is targeting their infrastructural, industrial and technological assets for control. But many governments were willing to give the benefit of doubt to Beijing. No longer. That willingness has rapidly eroded in the wake of the corona crisis that has devastated the Western world.

Although few world leaders want to join the US President, Donald Trump, in publicly attacking China, many of them know that Beijing bears some responsibility for letting a health emergency in one of its cities become a global [pandemic](#). That Chinese companies, with access to easy money and strong political support in Beijing, are now taking economic advantage of other nations' misery has added insult to injury. While most leaders are preoccupied with the corona crisis, they are not likely to let Beijing have its way. Even in Britain, where the Boris Johnson government — which came into power with the determination to strengthen economic partnership with China and willingness to distance itself from its close ally, the US, on the question of adopting 5G technologies — is now taking a second look. Last week, the British Foreign Secretary, Dominic Raab, said there will be no going back to “business as usual” with China.

Beyond the question of accountability for the spread of the coronavirus, many countries are rethinking the very nature of their commercial engagement with China. On a host of issues ranging from trade and investment to intellectual property protection, there is an inescapable sense that China has gamed the global system for unilateral gains. India certainly has had a longer learning curve than the West in recognising the relationship between commerce and national security. Since the early 1990s, Delhi bet that expanding economic cooperation with China will help mitigate political disputes. But the differences have only become intractable even as China became stronger economically. Delhi gave China an easy pass into the WTO. It let cheap imports from China undermine India's manufacturing sector and run up a massive trade surplus. India allowed massive Chinese penetration of its telecom, digital and other advanced sectors only to discover the multiple negative consequences. The last few years have seen a new approach that has seen India oppose China's Belt and Road Initiative and walk out of the [RCEP](#) negotiations citing the trade imbalance with China. The decision on Chinese FDI can be seen as one of that piece. But the puzzle of dealing with a rising China's strategic economic onslaught will test Delhi for a long time.

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