

Search for a new equilibrium

Prime Minister Narendra Modi being greeted by Chinese President Xi Jinping as he arrives for a group photo during the BRICS Summit in Xiamen, China's Fujian Province on Monday. | Photo Credit: [AFP](#)

The Doklam stand-off has been resolved and its strategic implication is that a confident India now considers China an equal partner, no longer leaning on the United States for support, and showing a capacity to resolve a complex situation through classic negotiation and 'give and take', setting a useful precedent for exploring solutions to broader issues through direct discussions.

In their bilateral meeting, at Astana in June, India and China recognised that "differences should not become disputes" and "their relations are a factor of stability" in a "multipolar world, and at a time of global instability". China's official news agency Xinhua later called for the ancient civilizations to become "cooperative partners", "develop complementary industries and cooperate in protecting common security" for "achieving the dream of an Asian century". After the Doklam settlement, Wang Yi, China's Foreign Minister, saw "huge potential for cooperation.... under the principle of mutual respect ... to work together for the rejuvenation of Asia and for the development of our region and contribute our share to greater development." Strategic convergence will need recognition of the Asian century with two nodes.

Potential of digital economy

The digital economy could be the basis of cooperative partnership. The digital economy is expected to be the biggest generator of new market growth opportunities and jobs in the next 30 to 40 years. Knowledge-intensive flows, rather than labour, capital, or resource-intensive flows, already account for half of global flows and are gaining share. Building on "Digital India" could add a value of about a trillion dollars over the next five years in India. The experience of operating in a linguistically and culturally diverse environment will be indispensable for the Asian century as global growth shifts to Asian cities.

The re-emergence of China, and India should be seen as a case of their cooperative coexistence for 2,000 years rather than through the prism of the West.

Until the mid-18th century, textiles from India were the largest globally traded commodity. Chinese silk and porcelain were the most important luxury items and both nations only wanted silver in exchange. Contrary to their peaceful rise and co-existence with two-thirds of global wealth in these civilisational states, the West grew rich through monopoly trade, expropriation, war and even innovation driven by the needs of the military.

India's BRI concerns

In a multipolar world, countries are again gaining in influence more because of the strength of their economy than their military might. Emerging economies, both as exporters and as importers, now account for 40% of goods flows, and 60% of these go to other emerging economies, most of them in Asia. A third of the world's economic activity involves cross-border flows. Countries that are more connected within global networks can expect to increase GDP growth from flows of up to 40% more than the least connected countries. That is why, despite misgivings, China's Bridge & Road Initiative (BRI) enabled connectivity has been widely welcomed in Asia and in the West for providing new markets.

As in the case of Doklam, India has to find creative ways of raising its concerns on the BRI rather

than staying away. At Doklam, India's concern was the road, not sovereignty. Similarly, India could work with China to widen the scope of the Kashgar-Gwadar portion of the BRI to Chabahar, 72 miles away in Iran, recognising the territorial dispute and skirting the issue of sovereignty in the rules of the BRI. In light of China's keenness for partnership in the BRI, India should really 'Act East', not west, for linkages with projects in other South-East Asian countries and with India's connectivity initiatives in Africa.

Asia — soon to have two-thirds of global wealth — provides as much opportunity to India as it does to China and Chinese acts of assertion should not be interpreted as aggressiveness. China's Achilles heel is that it is ageing at an unprecedented pace while India's working age population will increase till 2050 and economic growth will continue overtaking that of the United States. China's working age population peaked in 2012; the median age will rise to 49 by 2050. With debt nearly at 300% of GDP, there is a small window to achieve the 'national dream' of getting rich before the country gets old and it does not have an appetite for aggression against a resolute neighbour.

Re-emerging Asia gains more from a common market while a declining West benefits from security focussed balance — of power and rivalry in Asia. Global trends support India and China together shaping the rules of the emerging Asia-centered order. Such a framework is also best suited for settling the boundary question left over by colonialism.

Achieving the Asian century has been discussed between India and China for over 25 years and the time has come to give it shape.

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The new U.S. Fed Chairman is unlikely to opt for policies that might upset the President's plan

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