

India-China Strategic Economic Dialogue (SED)

October 3, 2019

Source: *The Hindu*

Manifest pedagogy: Questions on IR these days are becoming very specific. UPSC is focusing on specific sectors between countries rather than asking relations generally. Keeping the trend in mind this article has been written.

In news: 6th India-China dialogue

Placing it in syllabus: India-China bilateral relations

Static dimensions:

- History of India- China economic dialogue
- 5th economic dialogue

Current dimensions:

- 6th economic dialogue
- Importance of the dialogue

Content:

History of India-China Strategic economic dialogue(SED):

- India-China SED was established in December **2010** between erstwhile **Planning Commission and National Development and Reform Commission (NDRC) of China.**
- Since then, the SED has served as an effective **mechanism for enhancing bilateral practical cooperation.**
- Under the aegis of SED, senior representatives from both sides (India and China) come together to constructively deliberate on and share individual best practices.
- Both sides **identify sector-specific challenges as well as opportunities** for enabling ease of doing business

(EDB) and at the same time **facilitating bilateral trade and investment flows.**

- At 2nd SED (2012) held at New Delhi, **5 standing Joint Working Groups (JWGs)** on Policy Coordination, Infrastructure, Environment, Energy, and High Technology were constituted.
- **6th JWG on Pharmaceuticals** was constituted at 5th SED, held in Beijing in 2018.
- 6th SED was held at New Delhi in September, 2019.

5th India- China Strategic Economic dialogue:

- The 5th India-China SED between NITI Aayog and NDRC, was held in **Beijing, China in April, 2018.**
- The Indian side was led by Dr. Rajiv Kumar, Vice-Chairman, NITI Aayog and the Chinese side was led by Mr. He Lifeng, Chairman of Development and Reform Commission, People's Republic of China.
- The five **JWGs had reviewed the progress** and the possible collaboration with some of the provinces in China in the economic field was discussed.
- The Working Group on Infrastructure had discussed **setting up of manufacturing units by Chinese companies in India.**
- The **National Association of Software and Services Companies (NASSCOM)** had highlighted the opportunities for cooperation between India and China in the **domain of High Technology** in areas such as smart cities, digital payments, smart manufacturing.
- Both sides had agreed to **cooperate in the areas of waste to energy, wastewater treatment,** desalination, water usage efficiency and related areas.
- Both sides had agreed for further **cooperation in renewable energy promotion** and for speeding up of cooperation in **solar cell/module manufacturing in India.**
- Both sides had also discussed the possibility of **aligning the Make in India Initiative and Made in China**

2025.

6th economic dialogue:

- The Dialogue was held from 7-9 September 2019 in New Delhi which comprised of **round table meetings of JWGs** followed by technical site visits and **closed door G2G meetings.**
- Discussions were held **reviewing trade and investment climates** in order to mutually identify complementarities and harness synergies.
- Potential areas of collaboration across **innovation and investment** focusing on fintech and related technologies were highlighted.
- The two sides agreed to **exchange annual calendar of activities** to further activate regular channels of communication.
- Both sides noted the significant progress made in the feasibility study on **Chennai-Bangalore-Mysore railway upgradation project** and personal **training of Indian senior railway management staff** in China, both of which have been completed.
- They held discussions on taking forward the study project exploring the possibility of **Delhi-Agra high speed railway.**
- Effective utilization of **novel concepts in low cost construction technology**, methods of flood and erosion control, air pollution was discussed.
- Both countries identified **future areas of collaboration** such as Renewable Energy space, Clean coal technology sector, Smart Grid & Grid integration and Smart meters & E-mobility sectors.
- Both sides have agreed to explore cooperation for **promoting Indian generic drugs and Chinese Active Pharmaceutical Ingredients (APIs).**

Importance of the dialogue and challenges ahead:

SED has emerged as an over-arching and permanent instrument to address outstanding issues and identify potential areas of collaboration. It provides an important platform for both sides to discuss key economic issues impacting both countries and areas of mutual interest.

The bilateral trade between the countries stood at USD 87 billion in 2018-19. The trade deficit stood at USD 50 billion in favour of China. Hence India must utilise SED as a crucial mechanism to facilitate bilateral trade and investment flows and enhance economic cooperation between the two sides.

The Dialogues till date have played a positive role for the two countries to seize opportunities, enhance mutual trust, expand consensus, strengthen strategic coordination and cooperation, and boost sustainable economic development.

India holds a special place in Chinese economic diplomacy that can be seen by the fact that **besides India, the only other country with which China has a SED is the United States.** India must recognize the importance of this opportunity in engaging with China.

Challenges ahead:

Concerns remain on the Indian side over closer cooperation with China due to a hangover of China's past actions. There are apprehensions among policy makers over inviting Chinese capital in critical infrastructure projects like railways.

Chinese opposition to India's admission in the Nuclear Suppliers Group (NSG) and technical hold on India's move to get Pakistan-based Jaish-e-Mohammad chief Masood Azhar listed as a terrorist by the UN are few examples of India's breach of trust by China.

Political diplomacy aside, both India and China must realize that as two of the largest emerging economies in the world they cannot do so without engaging with each other. In this

respect, the SED platform provides a powerful instrument of communication.