China turns to Global South

Why in News?

Recently China's annual Central Economic Work Conference (CEWC) was held on December 11 and 12.

What are observations made by China's central economic work conference observed?

- **CWEC –** It is an annual meeting held in China which sets the national agenda for the economy of China and its financial and banking sectors.
- **Convenors** - It is convened jointly by the Central Committee of the Chinese Communist Party and the State Council of the People's Republic of China.
- **Attendees** - It is attended by all the members of Politburo , China's prime decision-making body headed by President Xi Jinping , ministers, provincial leaders and executives of state-owned financial and industrial giants.
- **Observations**
  - Recognised the seriousness of the persistent slowdown of the Chinese economy.
  - Noted the stagnant domestic demand and worsening external economic headwinds.
  - Reaffirmation of technology-driven "high-quality" growth model.
- **New directions**
  - A more expansive economic stimulus.
  - Changed to moderately loose monetary policy from prudent monetary policy
  - Reducing interest and mortgage rates
  - Lowering bank repo rates
  - Larger issue of long-term treasury bonds
  - Rise in fiscal deficit is being embraced

> *China has been very conservative in its fiscal policy, and has strictly followed an informal limit of 3 per cent of gross domestic product (GDP) on fiscal deficits.*

  - New type of industrialisation, focusing on the digital economy and artificial intelligence-led growth.
  - Ensure balance between the pace and quality of development.
  - Growth target of 5 per cent and continue to contribute 30% of global GDP growth, as in the past several years.

What was China's aspiration towards Global South?

- **BRI** - Belt and Road Initiative BRI is a major contribution by China to the development

of the Global South and sought the partnership of international economic organisations in taking it forward.

- **Prefered economic partner** - The Global South is coming into prominence as a preferred economic and commercial partner.
- **Trade and investment** - China is not only looking at the Global South as geopolitical ballast but also increasingly as a trade and investment partner.
- **Technology Transfer** - Open Science International Cooperation Initiative will promote technological advancements that benefit less developed nations.
- **Financial Assistance:** China committed to utilizing $20 billion in development funds to support projects in developing countries, reinforcing its financial backing for economic growth.

How will it affect India's interest?

- **Increased Competition for Leadership** - China's initiatives to strengthen ties with the Global South present a direct challenge to India's ambitions in the region.
- **Economic Implications** - India's ability to compete economically is hampered by China's financial might such as BRI.
- **Strategic threat** - China's growing presence in the region can be seen as a strategic threat, especially in areas like the Indian Ocean Region, where China's navy has been increasingly active.
- **Security interest** - China's presence in global south can potentially undermine India's influence and security interests in the region.
- **Resource Access** - China's investments in resource-rich countries in the Global South can limit India's access to essential resources such as minerals, energy, and agricultural products.
- **Regional instability** - China's involvement in regional conflicts and political dynamics in the Global South can affect regional stability.

What can India do?

- Strengthening India's own partnerships and leveraging its historical ties with these nations.
- Advocating for equitable representation in global governance and pushing for south-south cooperation at international forums like the G20.

Reference

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