**“India can’t be subservient; here’s why China needs to be tackled the Donald Trump way”**

**a by S L Rao**

India’s trade deficit with China has been accelerating. Imports in 2015-16 were more than five times exports. China exports mostly manufactured goods to India. For example, almost three-fourths of telecom imports and over half of solar equipment are from China. India has practically no domestic competitive production. China also is good at imitation. There are thousands of Chinese who make Indian idols and firecrackers that are sold in huge central markets visited by Indian traders for sale in India. They import silk weavers from Vatanasi and from Conjeevaram to weave their exotic sarees on Jacquard looms. They do not match Indian quality but are cheaper. The Chinese are exploring other such opportunities. At this rate China, can replace a great deal of Indian organized and cottage manufacturing. At the same time, India’s exports to China are of natural resources (like iron ore). India will become an economy ruled by China.

     For example, China exports steel at much lower prices than steel manufactured in India. India’s steel industry is in trouble as a result. This is beginning to happen in other sectors as well. India is not unique in this dominance by China. This is happening to other countries as well.

 The United States claims to have lost a good part of its domestic manufacturing and millions of jobs in manufacturing, to cheap Chinese imports. Thanks to the large amount of outsourcing to China, China has begun to export sophisticated electronics and other items to the USA and elsewhere replacing their local manufacturing. Experience with local assembly and manufacturing have enabled China with its educated researchers and scientists, to plagiarise and indeed, improve on such products.

   China is well on the way to becoming the manufacturing centre of the world. However, it must be borne in mind that China unlike others, is  a secretive, centrally and tightly controlled economic system. State-owned enterprises are dominant especially in heavy industries and infrastructure supplies. Prices are set as part of broad economic strategies and tactics. The same input is many times priced differentially between a firm entering a new export market and others. Taxes are tailor-made to enable export competitiveness and vary between manufacturers.

Since China was admitted to the World Trade Organization, some countries including India have challenged special prices and incentives given by Chinese government to some exporters. Most have lost their cases.

The election of Donald Trump has been attributed to the loss of manufacturing and jobs to China. Reaction is now to follow, aimed at limiting Chinese exports to USA and U.S. investments in China. This was a very important part of the Trump election campaign. On December 21, 2016, Peter Navarro was selected by President-elect [Donald Trump](https://en.wikipedia.org/wiki/Donald_Trump) to serve as director of the National Trade Council, a newly created position in the [executive branch](https://en.wikipedia.org/wiki/Federal_government_of_the_United_States#Executive_branch) of the U.S. federal government. Among other responsibilities he will be responsible for trade negotiations. His last book was “Death by China”. Also, a documentary film, which is believed to have influenced Trump. He can be expected to take strong measures to limit China’s influence on the American economy.

This provides an opportunity to the Indian government which has so far failed to gather convincing evidence from the secretive Chinese in arguing its cases before the WTO. We should follow American leadership to contain China’s influence on Indian trade and manufacture. India cannot be economically subservient to China.

The contours of world conflicts are changing. The is a good chance under President? Trump of much better relation between USA and Russia; decline of NATO; decline of British power and the European Union becoming less united; the spread of Islamic fundamentalism; greater military and economic cooperation between Japan and South Korea, and possibly ASEAN courtiers. As the only other large counterpoise to China in Asia, India will inevitably lead the “circle of Pearls” against China. Possibility of friendship between India and China are remote, given the enormous support from China to Pakistan principally to contain India, and the border disputes with China. Instead of living on the Nehru nostalgia of “Hindi chni bhai bhai” we must now treat Chibna as a mon-combatant enemy and ensure that neither economic nior military power makes India a subsrtvent country to China.

The worls might now see two camps, with America and Russia getting closer, and forming one with Europe. Imnia and others in Asia, versus China, Paistana nd North Korea. It is time our thinkers strategised accoedingly.

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