



Image Representation/Getty

The US and China are into the most fierce trade war, which is a major part of an overall struggle for dominance of global space and positioning between the two economic giants. The trade war should not be viewed in isolation, because it is also linked with the strategic and military posturing, diplomatic and information war, despite having heavy economic dependency being the biggest trading partners of each other. China carried out 'Incremental encroachment' in the South China Sea by slowly converting features/atolls to artificial islands with infrastructure build up, and later constructing military bases, thereby increasing its strategic space threatening the future of seamless flow of global trade through this region. The deployment of China's weaponry and infrastructure in various artificial structures in SCS has continued to increase, despite US intense military posturing, and optics of coining Indo-Pacific terminology, and naming its ['The United States Central Command' as 'Indo-Pacific Command'](#). The diplomatic swinging of Philippines stance/leadership on SCS, or influencing consensus of ASEAN (exploiting their varying individual interests) on their outlook towards SCS by China, which is also bandwagoning smaller neighbors including Indo-China by "infrastructure diplomacy" and "Purse Diplomacy" and now by ["Debt Trap Diplomacy" are part of the economic war.](#)

The US has targeted two most important vulnerabilities of China. The first being its economy and the second one being Taiwan, for which President Trump has signed the Taiwan Travel Act, commenced official meetings between Taiwanese officials and their U.S. counterparts, literally challenging 'One China Policy' indirectly, and also started issuing latest weaponry to them. China also tried to brave it out with some counter tariffs, and some other measures like pushing Yuan as a global currency, tricks of the devaluation of Yuan, and excessive combat exercises and military posturing in and around Taiwan Strait.

Is it an Opportunity for India?

The newsbreak of [GDP growth of India shooting up to 8.2 percent in June quarter of 2018](#) released yesterday sounded like a music to Indian ears, after continuous bad news of the unprecedented drop of rupee against dollar. It is happening at a time when the two economic giants, US and China are in a dangerous stage of a trade war with the US imposing heavy tariffs starting from the released the list of US\$16 billion worth of Chinese goods on 07 August 2018, subject to an increase of 25 per cent import tariffs later.

Chinese response of vowing to impose retaliatory duties on an equivalent value of imports was expected. The spiral moved up [with President Trump proposed tariffs on US\\$200 billion of Chinese goods from 10 to 25 per cent](#), along with a threat to consider imposing tariffs on all US\$500 billion of Chinese imports. Now both sides have dug their heels and are looking for options to proceed further.

It is the most opportune time for India to be resetting its relations with both because both want India to be on their side. Indian differences with China on certain aspects of Sino-Pak nexus, use of global commons in the South China Sea, increasing bases in the Indian Ocean, and obstruction to Indian entry in NSG can also be viewed as a convergence of interests with the US. In the same manner, Indian differences with the US on trade, tariff, and CAATSA in context of crude oil supply from Iran can be seen as a convergence of interests with China. India, however, is known to follow an Independent foreign policy, since 'Non-Aligned Era'. Now the time has come to be more practical and pragmatic in consonance with *Chanakya Niti* (Policies of Chanakya), and try for reasonable concessions from US and China on some of the points of divergences. In fact, some of the ASEAN countries have been able to get the best of US as well as China for a considerable period, till President Trump scrapped TPP and went in for protective policies. There is no reason why it should not be 'India First' policy when everyone in the world is looking after its own national interest. On the economic front, Indian economy is showing much more resilience than many others affected by the trade war, despite some tariffs on India as well, but in an interconnected world, we will be able to see through this phase.

The Act East and ASEAN Countries: Boosting Indian interests in the region

The Act East Policy is seen to be germinating after all the ASEAN leaders were invited for Republic Day parade. The recent [visit of Indian EAM to Vietnam and Cambodia](#) highlights some of the common concerns like a joint exploration of oil in EEZ of Vietnam, and seamless flow of trade in the South China Sea need common resolution. Similarly, alternate connectivity to Cambodia may interest both instead of it having only China-centric connectivity.

Southeast Asian countries like Singapore, Malaysia, Indonesia, Philippines and Taiwan represent vigorous and fruitful conditions by welcoming opportunities from abroad, offering resources to develop commerce networks that can encourage skyrocketing growth. It's a time for many Indian businesses eyeing to mark a global presence.

Infrastructure development in Southeast Asia could be a terrific point to start with. Connectivity is one of the major challenges which are keeping India and South East Asia away. Developing transnational highways through the Indo-China and ports through the atolls will open another world of possibilities and connect the ASEAN countries to entire Asia in a non-monopolistic market.

Especially after implementing the potentially momentous and ambitious program by New Delhi in the form of GST ([Goods and Services Tax](#)) from [July 1, 2017](#). It integrates India into a single common market replacing a plethora of different direct and indirect taxes at the local level. This could be seen as a game changer in ease of doing business to or through India.

Also, ASEAN countries are also not too happy with CoC and DoC in the South China Sea, and some of them have dispute with China over its claim on the South China Sea, but they do not have the muscle power/economic clout to resist, hence looking at India as a part of the QUAD for collective protection from Chinese policies sounding expansionism could be a win-win for both the distant neighbourhood.

**CERTIFICATE COURSE IN
INTERNATIONAL RELATIONS**

SIX-WEEK ONLINE COURSE IN INTERNATIONAL RELATIONS
BY THE KOOTNEETI

JOIN TODAY!

team@thekootneeti.com
courses.thekootneeti.in
(+91) 120 4565994

The views and opinions expressed in this article are those of the author and do not necessarily reflect the views of The Kootneeti Team

Facebook Comments