

## 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.

- **Preferred 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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