



Post-Galwan Indo-China Economic Trends

2nd Edition

03 July – 31 July 2020

In the post-Galwan context of Indo-China relations, loss of a friendly face by China in India seems to have spiralled over economic matters. With India banning another set of Chinese apps on national security grounds and decreasing market share of Chinese smartphones in India, among others, signify that shift. However, it will be trickier for India to reduce the strong Chinese influence in its domestic markets, even if the public opinion is in support of restrictive market access for China. This second issue of ONW, among others highlights such developments.

News/Op-ed	Key Takeaway
<p>Amid Mounting Global Pressure, China Tells India Not to Use Its 'Internal Affairs' for Leverage in Border Tension</p> <p>News 18 July 31, 2020</p>	<p>Chinese Ambassador to India issued a veiled warning that China will not allow interference in its “internal affairs”, while speaking at a lecture at the Institute of Chinese Studies, New Delhi. Ambassador Sun Weidong said it worries him that there is a suggestion being made in India to “adjust its policy towards China, and change its stance on issues related to Taiwan, Xizang, Hong Kong and the South China Sea to put pressure on China”. He was speaking in the context of the tension on the Line of Actual Control and the public discourse to counter it by various means.</p>
<p>Eye on China, PM Modi bats for security & growth in IOR during inauguration of Mauritius Supreme Court</p> <p>Times Now News July 30, 2020</p>	<p>In an indirect, yet suggestive reference to China, which has been executing a development-centric approach to expanding strategic presence in the Indian Ocean Region (IOR) as well as across the African nations, PM Modi said, "History taught us that in name of development partnerships, nations were forced into dependence partnerships."</p>
<p>China Acted Like "Bratty Kid": Indian Tech Moguls Want Tougher Action</p> <p>NDTV July 29, 2020</p>	<p>Leaders in India's technology industry are urging the country to go even further to protect the interests of local companies against foreign rivals, or risk ceding the world's fastest-growing internet arena to Chinese and American monopolies. In separate interviews, Policybazaar co-founder Yashish Dahiya -- whose company is backed by Tencent Holdings Ltd. -- and MobiKwik frontman Bipin Preet Singh urged PM Modi to go further. Emboldened by growing hostility against its giant neighbor, they want regulators to curb their access to Indian markets, establish rules to wrest back control of user data and bankroll local startups.</p>

News/Op-ed	Key Takeaway
<p>Moments after Rafale fighter jets land, Rajnath Singh's veiled warning to China</p> <p>Hindustan Times July 29, 2020</p>	<p>Moments after the five Rafale fighter jets landed at the Indian Air Force's Ambala air base on Wednesday, 29th July, Defence Minister Rajnath Singh said the arrival of the aircraft in India would give the IAF's combat capability a "timely boost" and make it "much stronger to deter any threat" that may be posed to our country. Singh, who had travelled to France last year to formally receive the first fighter jet, showered praises on the multi-role aircraft for its capabilities, and Prime Minister Narendra Modi for the decision to buy 36 fighter jets.</p>
<p>RIC, a triangle that is still important</p> <p><i>By P. S. Raghavan</i></p> <p>The Hindu July 29, 2020</p>	<p>The Russia-India-China engagement still has significance. India is in the Shanghai Cooperation Organization (SCO), which is driven by Russia and China and includes four Central Asian countries. Central Asia is strategically located, bordering our turbulent neighbourhood. A sliver of land separates Tajikistan from Pakistan-occupied Kashmir. Pakistan's membership of SCO and the potential admission of Iran and Afghanistan (as member states) heighten the significance of the SCO for India.</p>
<p>President Xi's long game: World is dealing with a leader who believes he will shape a Chinese Century</p> <p><i>By Vijay Gokhale</i></p> <p>The Indian Express July 29, 2020</p>	<p>President Xi Jinping intends to be the Leader of the "Second Hundred" just as Mao Zedong is regarded as the Leader of the "First Hundred". This means the world will be dealing with President Xi Jinping for some time. It is, therefore, important to get a proper measure of the person. Over the last six months, in the shadow of COVID-19, President Xi Jinping has become China's Supreme Leader.</p>
<p>Correct wrongdoings: China to India on WeChat ban</p> <p>The Indian Express July 29, 2020</p>	<p>A month after India banned the Chinese messaging app WeChat, Beijing on Tuesday, 28th July, said that it has lodged a diplomatic protest and asked New Delhi to "correct its wrongdoings". Chinese embassy spokesperson Ji Rong said on Tuesday: "We have noted the relevant reports. On June 29, the Indian government banned 59 mobile apps with Chinese background including WeChat, which severely damaged the legitimate rights and interests of Chinese companies. The Chinese side has lodged solemn representation to the Indian side and asked the Indian side to correct its wrongdoings."</p>
<p>India's second digital strike on China: 47 more Chinese mobile apps banned</p> <p>Times Now News July 27, 2020</p>	<p>The Indian government has banned 47 more Chinese apps, after 59 China-based apps were banned in June-end. These 47 apps were acting as clones of the 59 Chinese apps that were banned earlier. The order to ban the 47 apps was issued on Friday, 24th July, sources said. Among the newly-banned apps are Tiktok Lite, Helo Lite, SHAREit Lite, BIGO LIVE Lite and VFY Lite. The development came just days after the Indian government warned the makers of the banned 59 apps of Chinese origin, strictly comply with the ban order. The government said that those violating the order would face serious action, as per sources.</p>

News/Op-ed	Key Takeaway
<p>India-China tension: Court summons Alibaba, its founder Jack Ma for alleged censorship, fake news</p> <p>Scroll.in July 26, 2020</p>	<p>A court in Gurugram, Haryana, has summoned Alibaba and its founder Jack Ma after a former employee alleged that he was fired for objecting to “censorship and fake news” on company apps, Reuters reported on Sunday, 26th July. Pushendra Singh Parmar filed a case on July 20 alleging that Alibaba used to censor content critical of China. He also claimed that its apps, UC Browser and UC News, provided false information to “cause social and political turmoil”.</p>
<p>Boycott effect? Chinese smartphone brands’ market share in India slips to 72%</p> <p>Financial Express July 25, 2020</p>	<p>The Covid-19 pandemic and the lockdown, followed by anti-China sentiments in India on account of the border dispute seems to have severely dented the dominance of Chinese brands in the domestic market with their total market share falling sharply from an all-time high of 81% to 72% during the recently concluded April-June quarter of current calendar year. According to Counterpoint Research, Chinese brands including Xiaomi, Oppo, Vivo and Realme controlled 81% of India’s smartphone market, which is their all-time high share.</p>
<p>India should monitor ties between China and Iran, but must guard against hasty conclusions</p> <p><i>By Shyam Saran</i></p> <p>The Indian Express July 23, 2020</p>	<p>China attaches importance to its relations with Iran, which is a key source of energy supplies, a significant component of its ambitious Belt and Road Initiative, and a potentially lucrative market for its project exports and manufactures. However, like India, it has also in parallel cultivated closer relations with Saudi Arabia and the UAE, which are currently bigger suppliers of oil and gas to China than Iran is. India should not arrive at hasty conclusions and damage its relations with Iran, which remains strategically important. The pursuit of a closer security partnership with the US does not mean that India should follow the US lead on its other important relationships.</p>
<p>India, U.S. should work together to face Chinese challenge: Mike Pompeo</p> <p>The Hindu July 22, 2020</p>	<p>U.S. Secretary of State Mike Pompeo has said countries like India and the U.S. should work together to face the “challenge” of the Chinese Communist Party (CPC). Mr. Pompeo’s recorded comments, shared at the India Ideas Summit organised by the U.S. India Business Council (USIBC) came hours after news broke of the U.S. ordering the closure of the Chinese consulate in Houston. “It’s important that democracies like ours work together, especially as we see more clearly than ever the true scope of the challenge posed by the Chinese Communist Party,” Mr. Pompeo told the India Ideas Summit via a recorded video message.</p>
<p>Letters from Peking: What Galwan Valley taught us this summer</p> <p><i>By Samir Saran</i></p> <p>Observer Research Foundation July 21, 2020</p>	<p>There are five major takeaways from the ongoing crisis in Ladakh that will inevitably shape India’s China policy significantly. The first is that Xi Jinping’s China is at a stage—and in a year—where it has simply ceased to care about global public opinion or parameters of reasonable conduct. It has little interest in healthy relations with India and considers the diminishing of India’s role, growth, weight and presence as a key foreign policy objective.</p>

News/Op-ed	Key Takeaway
<p>Armed forces working on 100 emergency procurement contracts amid tensions with China</p> <p>The Print July 21, 2020</p>	<p>The Indian armed forces are currently working on over 100 emergency procurement contracts — with a ceiling of Rs 500 crore each — in the wake of tensions with China along the Line of Actual Control (LAC). As reported earlier, the armed forces are on a shopping spree and the Army is in the process of procuring armour-piercing fin-stabilised discarding sabot (APFSDS) ammunition fired by the T-72 and T-90 main battle tanks, additional Heron drones, Man Portable Air Defence System (MANPADS), mines and high altitude clothing, among other things.</p>
<p>'Disappointed': US Lawmakers Introduce Resolution Urging China to De-escalate Border Tension with India</p> <p>News 18 July 20, 2020</p>	<p>Voicing concern over the recent Chinese military aggression against India, a bipartisan group of nine influential Congressmen have introduced a resolution in the US House of Representatives, urging Beijing that it should work towards de-escalating the situation at the border through existing diplomatic mechanisms and not by force. Led by Indian-American Congressman Raja Krishnamoorthi, other co-sponsors of the Congressional resolution are Indian-American Congressman Ro Khanna and lawmakers Frank Pallone, Tom Suozzi, Ted Yoho, George Holding, Sheila Jackson-Lee, Haley Stevens and Steve Chabot.</p>
<p>India's Strategy Against China's Psychological Warfare</p> <p><i>By Dr. Pankaj K Jha</i></p> <p>Eurasia Review July 20, 2020</p>	<p>The question which emerges at this point of time that why Chinese propaganda at times succeeds in making Indian people believe that they are a far superior side. This can be attributed to the fact that there too many naysayers in the Indian civil society who have a grudge with regard to the treatment meted out to them by different political establishments. This intrinsic grievance at times plays into the larger Chinese propaganda machinery as well as propagating the fact that the psychological warfare initiated by China has too many subscribers as well as flag bearers who think the India is incapable to counter China.</p>
<p>Can Bytedance-owned TikTok leave China behind?</p> <p>The Times of India July 20, 2020</p>	<p>TikTok, owned by Bytedance, is reportedly considering a change in its corporate structure to underscore its independence from the Chinese government. This follows US secretary of state Mike Pompeo's statement that the US could ban the app like India has done, though experts say there are few legal provisions to do so. But decoupling from China is not easy for TikTok.</p>
<p>Time to reset India's China policy</p> <p><i>By Shekhar Sinha</i></p> <p>Sunday Guardian Live July 18, 2020</p>	<p>The time is right to reset India's China policy. Should it be tit for tat along LAC, gradually evicting China from Aksai Chin area or increasing activities along two SLOCs in the Indian Ocean which are lifelines for China's energy security? Over 60% of China's oil imports and 58% copper imports traverse through the chokepoints in the Indian Ocean Region. Both these are essential for China's economic and military technology growth. Tibet and Taiwan are the two other sensitive issues for China which could be looked into. Strengthening the Quad as an economic and security architecture is another possibility.</p>

News/Op-ed	Key Takeaway
<p>India-China border dispute has implications for Pakistan and region <i>By Maham S. Gillani</i> South Asia Monitor July 15, 2020</p>	<p>South Asia is a unique region where, in most cases, foreign policy of one state is intricately linked to that of another. This means that any warming up of ties between the US and India would bind Pakistan to its longtime ally China even more closely. The China-US rivalry also has to be taken into account in this tug-of-war. Washington might be skeptical of forging close ties with an ally of its top strategic rival. As a corollary, Islamabad may choose to express its displeasure with Washington's policies vis-à-vis India in a third country – Afghanistan - where the US is embroiled in a long war and needs Pakistan's assistance in implementing a flimsy peace process.</p>
<p>China's aggressive actions against India give insight into how CPC thinking these days: US NSA Livemint July 15, 2020</p>	<p>China's "very aggressive" actions against India, including the brutal attack on Indian soldiers in eastern Ladakh, and its moves in the South China Sea and Hong Kong give a "good insight" into how the ruling Communist Party of China is thinking these days, US National Security Advisor Robert O'Brien has said.</p>
<p>Can India shake off the dragon's growing tentacles in South Asia? <i>By N Chandra Mohan</i> South Asia Monitor July 10, 2020</p>	<p>China is doubling down on a range of its territorial disputes with South Asian neighbours like India to the South China Sea. During the last three months, there has been a tense face-off on its border with India in the western Himalayan region of Ladakh. To counter-balance China, India must contribute to greater flows of trade within the region through unilateral trade liberalization. India must also step up its investments in South Asia. The scale of this challenge is immense as China's investments have cumulated to USD 116.6 billion according to the American Enterprise Institute's China global investment tracker. Most of these investments are in Pakistan (USD 56.3 billion), Bangladesh (USD 26.9 billion) and Sri Lanka (USD 13.8 billion), the bulk of it to build power, ports, roads, bridges and airports.</p>
<p>Between Ladakh and a Hard Place <i>By Ronojoy Sen</i> The American Interest July 09, 2020</p>	<p>To what extent these moves will hurt China is a moot point. While China is India's second largest trade partner, China exports only 3 percent of its goods to India. Moreover, India is heavily reliant on Chinese imports in several industries, including pharmaceuticals and consumer electronics, which contribute to India's \$50 billion trade deficit with China. In fact, nearly 70 percent of supplies for India's booming pharmaceutical industry come from China. It will take a long time for India to wean its dependence on China and build local supply chains.</p>
<p>China's hegemonic ambitions mean that Beijing's focus is now on building Chinese century <i>By C. Raja Mohan</i> The Indian Express July 07, 2020</p>	<p>In an unfortunate paradox, the phenomenal rise of China may have created the very conditions for the demise of the Asian century. That China has become far more powerful than all of its Asian neighbours has meant Beijing no longer sees the need to evoke Asian unity. The deepening conflict between India and China is bound to complicate the prospects for an Asian century, as well as the Chinese century. As China privileges nationalism, it is bound to compel its Asian neighbours to do the same.</p>

News/Op-ed	Key Takeaway
<p>U.S.-India Insight: India's Blunt Economic Weapons Require Sharpening <i>Richard M. Rossow</i> CSIS July 07, 2020</p>	<p>The renewed border flare-up with China has affirmed India's view that China presents a problem that can neither be ignored nor managed alone. In recent years, trade protectionism has been the primary tool India has employed to balance ties with China, though in a very blunt fashion that has harmed economic ties with the United States and other countries. Protectionism is bad policy, especially as India seeks to be a more meaningful player in global supply chains. But if new trade protections are part of India's reaction to China's new provocations—and it appears they are—they should be sharpened to become more effective.</p>
<p>India must work with other countries to erode China's economic influence <i>By Amitendu Palit</i> Times of India July 05, 2020</p>	<p>The current border provocation has irked India into precipitate action on Chinese goods. But instances of such calls for boycott have been witnessed before too. These instincts are rooted in a phobia around China, along with a larger deep-rooted aversion for imports, pushing the idea of replacing everything foreign by local substitutes. This has made India walk out of major regional trade agreements like the RCEP. Several domestic industry lobbies described it as a free trade agreement with China and vociferously campaigned for staying out of it. By opting out, India lost the great advantage of being part of a trade pact, which could have helped it in reshoring some supply chain functions.</p>
<p>Trade Wars: India-China India Today July 04, 2020</p>	<p>Can India do without imports from China? And will a hard-nosed reading of Prime Minister Narendra Modi's 'Atmanirbhar Bharat' slogan hurt Indian interests? The Board of India Today Experts (Bibek Debroy, Ajay Sahai, R.C. Bhargava, N.R. Bhanumurthy, Ashwani Mahajan, Biswajit Dhar, Sachin Chaturvedi and Arun Maira) weighs in.</p>
<p>Is a total boycott of Chinese goods by India feasible? <i>By Brigadier Deepak Sethi (Retd)</i> South Asia Monitor July 03, 2020</p>	<p>No country in the world is entirely self-reliant. There are Chinese components, sub-assemblies and ingredients in innumerable products exported even by advanced nations. China is our largest source of such intermediates also in numerous products in our automobile, electronics, pharmaceutical and consumer goods sectors. Finding new vendors and reconfiguring supply chains is costly and takes time, which our industry, already battered by lockdowns, cannot afford. They would also lose their export markets due to the delays.</p>

Please read:

1st edition at: <https://bit.ly/2WmWFpp>
