



Post- Galwan Indo-China Economic Trends

25 June – 15 July 2020

After the deadly standoff where Chinese troops killed 20 Indian soldiers in the Galwan Valley of the eastern Ladakh sector at the Line of Actual Control (LAC) on June 15th, popular support in India to reduce economic reliance on China has grown stronger. The growing vengeance is further expected to swell due to loss of a friendly face by China in India even though signs of de-escalations at the LAC are visible. In this context, the post Galwan outburst in India may cause an overall rejig of India's economic dependencies on China. This first edition of this ONW, among others, highlights such developments.

News/Op-ed	Key Takeaway
Discussed India-China border clash with Jaishankar, we speak 'frequently', says Pompeo The Print July 15, 2020	India has been a great partner. They are an important partner of ours. I have a great relationship with my foreign minister counterpart. We talk frequently about a broad range of issues. We talked about the conflict they had along their border with China, US Secretary of State Mike Pompeo said in Washington. He added, "We've talked about the risk that emanates from China , Chinese telecommunications infrastructure there, you've seen the decision they made to ban some several dozen Chinese software firms from operating inside of the country on phones of people operating inside of India."
What does China want? Hindustan Times July 14, 2020	The post-1988 framework of India-China ties rested on a simple principle. Both countries recognised they had a serious boundary dispute, but they agreed that the larger relationship should not be held hostage to the dispute. And therefore, while the border should be kept peaceful, and talks on the dispute could continue, pending a final settlement , India and China should continue to deepen ties in other spheres. This framework lasted three decades.
Trade interests behind China's outreach to India <i>By Abhijit Bhattacharyya</i> The Tribune July 14, 2020	SUN Weidong, the Chinese Ambassador to India, has said that India and China should seek common development as partners rather than as opponents or adversaries. However, a segment of the Ambassador's statement overshadows the so-called 'partnership': "The right and wrong of what recently happened in the Galwan valley is very clear. China will firmly safeguard sovereignty and territorial integrity, and ensure peace and tranquillity in the border areas." Whose 'sovereignty and territorial integrity' is China referring to? Obviously, not India's.

News/Op-ed	Key Takeaway
<p>India-China standoff: Chinese actions along LAC 'provocative and destabilising': Ex-US diplomat Times Now News July 13, 2020</p>	<p>Chinese actions, not only on the border with India but in the South China Sea, the Taiwan Strait and in Hong Kong, have been provocative and destabilizing," former US Ambassador to India Rich Verma told PTI. A central pillar of our partnership now rests on a free and open Indo-Pacific, a commitment to the rule of law, to international norms, the peaceful resolution of disputes and the rules-based order in Asia," Verma said, adding that any country that acts contrary to those principles puts that order at risk.</p>
<p>To take on China, India needs strategic clarity <i>By Pavan K. Varma</i> Deccan Chronicle July 13, 2020</p>	<p>Geopolitical experts focus on the realities of military hardware: who has more troops, tanks, armoured vehicles, aircraft, submarines, missiles, roads and airfields? The chroniclers of history take these into account, but also look at other factors, such as human resilience, troop morale, democratic legitimacy, collective unity, strategic clarity, tactical agility and national resolve. The last three are particularly important in assessing our strength against China. China has played the bullying neighbor now for decades, starting from 1962. In responding to it we have lacked strategic clarity.</p>
<p>China raises apps ban issue with India, New Delhi says action taken due to security reasons Zee News July 13, 2020</p>	<p>Days after India banned 59 Chinese mobile apps, China on Monday (July 13) raised the issue during a bilateral meeting with New Delhi which was recently held. During the meeting, the Chinese side brought the matter, during which Indian officials made it very clear that the action was taken in view of the security issues and it did not want the data-related to its citizens to be compromised.</p>
<p>Debacle of summit diplomacy <i>By P Chidambaram</i> The Indian Express July 12, 2020</p>	<p>The relations between the two countries have changed dramatically in a matter of months. At the Wuhan Summit on April 28, 2018, the joint statement devoted only one paragraph to the border question. It contained the usual phrases such as "maintaining peace and tranquillity", "confidence building measures", etc. At the Mahabalipuram Summit on October 12, 2019, the pro forma reference to the border was pushed down to paragraph 16 of the 17-paragraph statement. On the other hand, the two leaders "decided to designate 2020 as Year of India-China Cultural and People to People Exchanges".</p>
<p>India-China fury erupts: Protesters gather in London ordering world to 'Boycott China' Express July 12, 2020</p>	<p>Members of the Indian diaspora have gathered in large numbers outside the Chinese embassy in London to protest against China's policy of expansionism with chants of "free Hong Kong, free the Uighurs, free Tibet". This was expressing the Indian diaspora's resentment at what they saw as China's belligerent foreign policy in Galwan Valley valley were many soldiers lost their lives in brutal hand-to-hand fighting between Chinese and Indian forces.</p>
<p>Government Misleading Media on Chinese Disengagement Along LAC <i>By Karan Thapar</i> The Wire July 11, 2020</p>	<p>He may be a lone voice but Ajai Shukla, one of India's most highly regarded defence reporters, has repeatedly insisted that the Modi government has made misleading claims about the extent of Chinese disengagement at various points along the line of actual control (LAC) in Ladakh where China's Peoples Liberation Army has been in a stand-off with the Indian Army.</p>

News/Op-ed	Key Takeaway
<p>ByteDance may move TikTok headquarters out of China as India bans app</p> <p>The Economic Times July 10, 2020</p>	<p>Chinese Internet giant ByteDance is considering changing the corporate structure of its popular short-video app TikTok, as it comes under intense scrutiny in India and the United States. Senior executives are discussing options such as creating a new management board for TikTok or establishing a headquarters for the app outside of China to distance the app's operations from China.</p>
<p>'Proud of India': US lauds PM Modi for standing up to China, calls for joining forces</p> <p>Times Now News July 10, 2020</p>	<p>While speaking to media, United States Senator John Kennedy said, "I'm very proud of the fact that Modi in India is standing up to China. I'm very proud of what Canada is doing. Not every country is running and hiding in the corner. Now, other than the United States, you know how many other countries trust China? None, zero, nada. But they are scared. China is the second-largest economy. China uses its economic heft to bully other countries, and many other regions of the world are scared to stand up to them."</p>
<p>Why India's ban on Chinese apps opens a gold mine for Mukesh Ambani's Jio & Silicon Valley</p> <p>The Print July 09, 2020</p>	<p>Time will be the next frontier in India's digital battlefield; dollars will follow the hours consumers spend online. India has left a void in their day by banning 59 Chinese apps after a border dispute with its northern neighbor led to violent clashes. The video-sharing platform TikTok, which became a craze in towns and villages as a medium of expression, is gone. So are its smaller cousins, like Bigo Live and Likee. What can fill the gap?</p>
<p>Gautam Bambawale: 'China is trying to show I am the superpower... India has shown we will not take it lying down'</p> <p>The Indian Express July 09, 2020</p>	<p>The Indian and Chinese civilisations are both ancient civilisations but India's civilisation can be summarised in what we call Vasudaiva kutumbakum, which means the world is one family. On the other hand, the Chinese way of thinking can be summarised in the word China. In Chinese, China is referred to as Chung Wo, which means middle kingdom or middle country, and their approach is that they are the centre of the world and everything else revolves around them. So they are at the centre, everyone is peripheral... they only worry about themselves.</p>
<p>Modi, Xi are strong leaders, but for lasting peace at the LAC both need to make compromises</p> <p><i>By Lt. Gen. H. S. Panag (Retd)</i></p> <p>The Print July 09, 2020</p>	<p>It is obvious that resolving the situation through military engagement and diplomacy will be a long haul, and possibly, will require another summit between Prime Minister Narendra Modi and Chinese President Xi Jinping. However, that will be contingent upon the compromises both sides are prepared to make with respect to their short-term political aims. Two strong leaders with absolute backing of their people, Modi and Xi cannot afford to lose face. It has to be a win-win situation for both the countries, and their leaders. Both understand that if they do not meet halfway, then a limited war is inevitable, which neither side wants.</p>
<p>Indian army asks personnel to delete these 89 apps from their smartphone</p> <p>The Indian Express July 09, 2020</p>	<p>After the government of India banned 59 Chinese apps for everyone in the country, the Indian Army has asked its personnel to delete 89 apps from their smartphone including Facebook, TikTok, Truecaller, and Instagram to plug leakage of information." The list includes both Chinese and non-Chinese apps ranging from messaging platforms to health apps to popular games and more.</p>

News/Op-ed	Key Takeaway
<p>Indians have done their best to respond to China's 'incredibly aggressive actions': Mike Pompeo The Economic Times July 09, 2020</p>	<p>US Secretary of State Mike Pompeo said on Wednesday, July 8th, that Indians have done their best to respond to China's "incredibly aggressive actions", asserting that Beijing has a pattern of "instigating" territorial disputes and the world shouldn't allow this bullying to take place. "I've spoken with Foreign (External Affairs) Minister (S) Jaishankar a number of times about this (Chinese aggressive actions). The Chinese took incredibly aggressive actions. The Indians have done their best to respond to that," Pompeo told reporters at a news conference here.</p>
<p>Beating China at its game <i>By G Parthasarathy</i> The Tribune July 09, 2020</p>	<p>PM Modi pointedly noted that 'territorial expansionism' was the biggest threat to humanity. He was alluding to China's arbitrary territorial claims on virtually all its neighbours, including Japan, Taiwan, Vietnam, Malaysia, Indonesia, the Philippines and even Russia, where some Chinese are now reviving claims to the Russian port of Vladivostok, which has been a part of Russia since 1860! China's past actions, aimed at expanding its frontiers, will now meet greater opposition from its immediate neighbours, across the western Pacific Ocean. China had thus far overcome such opposition by a policy of 'divide and rule'.</p>
<p>Recognizing the changed reality of India-China relations <i>By Swaran Singh</i> Global Times July 08, 2020</p>	<p>It is important to understand how the two countries' methods and mechanism for ensuring peace and tranquility have become dated and ineffective. This novel chapter of ensuring peace and tranquility in India-China border regions began with the 1988 groundbreaking China visit of young Indian prime minister Rajiv Gandhi. His inordinately long handshake with Chinese leader Deng Xiaoping finally pulled their equations out of post-1962 war disengagement of disquiet.</p>
<p>Modi's Pragmatic And Effective Approach In Tackling China <i>By K. C. Singh</i> NDTV July 08, 2020</p>	<p>De-escalation is welcome, considering the health and economic challenge posed by the Covid pandemic. However, some questions arise about Chinese objectives and the extent of their achievement. Undeniably, Chinese actions were predictable - if only closer attention had been paid to their statements and behaviour elsewhere along their periphery. Since August last year, when constitutional changes were made to divide Jammu and Kashmir state into two downgraded union territories, China had been voicing an alleged threat to its sovereignty and territorial integrity.</p>
<p>India should recalibrate China policy The Tribune July 08, 2020</p>	<p>Advocating it is time for India to recalibrate its policy towards China, strategic and policy experts today, July 8th, suggested New Delhi initiates more measures to decouple economically, while seeking to work out with other countries in collectively responding on the economic front.</p>
<p>Chinese aggression could reset power projection in Asia <i>By Harsh V. Pant</i> Live Mint July 07, 2020</p>	<p>What is of greater consequence today is that India has finally signalled that it is willing to cast aside older assumptions that have underlined its China policy. This process began much before the Galwan crisis of last month. It was reflected in India's steadfast opposition to China's Belt and Road Initiative, in the revival of the Quad, in taking open positions on freedom of navigation and maritime order, and in rapidly building border infrastructure.</p>

News/Op-ed	Key Takeaway
<p>Ban On Chinese App – WTO – Beijing Vs New Delhi <i>By Adv. Manjunath Kakkalameli</i> Business World July 06, 2020</p>	<p>A bitter border stand-off between India and China in Ladakh that began in early May, led India to ban on 59 Chinese app, the unexpected act & move from New Delhi shaken not only Beijing but entire world. The reason for banning the apps stated by Indian government was "Sovereignty, Security & Integrity". However; China calls it as "selective and discriminatory" and in violation of WTO norms of Fair-trade Practices & threatened to go to the World Trade Organisation (WTO) against the move.</p>
<p>Where Does India's Ban on Chinese Apps Fit Into the Global Trade Debate? <i>By Shubhangi Agarwalla and Siddharth Sonkar</i> The Wire July 05, 2020</p>	<p>The Centre earlier this week, through an interim order, blocked access to 59 Chinese phone applications from India. Generally, these restrictions are introduced through a 'geo-block', i.e. a technological measure which restricts access to content based on the user's IP address. However, the exact nature and scope of the restriction is not entirely clear and is being configured at this juncture. At present, some of these apps cannot be accessed in India even with the help of a virtual private network or with the help of a technologically advanced firewall.</p>
<p>Chinese app ban: PM urges start-ups to create 'Atmanirbhar' App ecosystem Business Standard July 04, 2020</p>	<p>Days after the government banned 59 Chinese apps, Prime Minister Narendra Modi on Saturday invited the start-up and tech community to participate in the "Atmanirbhar Bharat App Innovation Challenge". Prime Minister Modi also said that it will help create an "Atmanirbhar App Ecosystem". "Who knows, I may also use some of these apps made by you," he said in a write-up on LinkedIn.</p>
<p>TikTok distances from Beijing in response to India app ban The Times of India July 04, 2020</p>	<p>Social media app TikTok distanced itself from Beijing after India banned 59 Chinese apps in the country. In a letter to the Indian government dated June 28th and seen by Reuters on Friday, July 3rd, TikTok chief executive Kevin Mayer said the Chinese government has never requested user data, nor would the company turn it over if asked. TikTok, which is not available in China, is owned by China's ByteDance but has sought to distance itself from its Chinese roots to appeal to a global audience.</p>
<p>India-China standoff unlikely to hit output of pharma companies Live Mint July 03, 2020</p>	<p>The Indian pharmaceutical industry has enough stock of raw materials, and the delays in clearing Chinese-origin shipments by customs across ports will not disrupt production. Domestic drugmakers, which import about two-thirds of their active pharmaceutical ingredients (APIs) from China, witnessed severe supply disruptions since March due to the covid-19-led lockdown in Wuhan, and other pharma hubs.</p>
<p>Chinese apps ban: All apps must hold fast to India's data integrity, says Niti Aayog CEO Business Today July 01, 2020</p>	<p>Niti Aayog CEO Amitabh Kant on Tuesday, 30th June, said all apps released in India must adhere to the country's data integrity, privacy and sovereignty, a day after the government banned 59 apps. Asserting that India has to be a data sovereign country, Kant also said apps must be transparent in terms of origin and final destination of data.</p>

News/Op-ed	Key Takeaway
<p>From mobile handset players to apps; what do Chinese brands need to do to douse the fire</p> <p>Financial Express July 01, 2020</p>	<p>The ban on Chinese apps added to the Indian government’s ‘local for local’ campaign has led to several companies to react in different ways. For instance, last week smartphone company Xiaomi has started to cover its retail store facades with a new branding — that is, ‘Made in India’ logo in white colour. A move, brand experts believe may have been made in haste. According to Dip Sengupta, chief growth officer and region head- North, Creativeland Asia, this is not the time to be proactive and aggressive about brand building.</p>
<p>Paytm boss Vijay Shekhar says ban on 59 Chinese apps 'bold step in national interest'</p> <p>India TV June 30, 2020</p>	<p>Paytm founder Vijay Shekhar Sharma has made a statement on India banning 59 Chinese apps including popular ones like TikTok, UC Brower, WeChat, Shareit, others saying the move by the Government of India is in the national interest. Paytm which is run by Indian company One97 Communications Ltd -- a leading mobile internet company - has investments by Chinese companies. India's one of the most popular digital payment services and e-commerce app Paytm has major investments from Chinese companies such as Alibaba and Ant Financial.</p>
<p>Taming the dragon! Why not all actions need to be China-specific</p> <p><i>By Ajay Shankar</i></p> <p>Financial Express June 30, 2020</p>	<p>Imports from China have risen from around a billion dollars in 2000-01 to over \$65 billion in 2018-19. While India exports primary products, it imports manufactured goods from China. This mirrors India’s trade in the 19th century with industrialising England. Most of what we import from China was being made, is being made and can be made in India. Increasing trade with China has led to the relative decline of manufacturing in India as China has efficient and surplus manufacturing capacity.</p>
<p>Modi Govt Bans 59 Chinese Apps In India: A Blow To China’s Digital Silk Route Ambitions?</p> <p>News 18 June 29, 2020</p>	<p>The Ministry of Information Technology of the Government of India has banned as many as 59 apps in India. This has been done deriving powers under the section 69A of the Information Technology Act read with the relevant provisions of the Information Technology (Procedure and Safeguards for Blocking of Access of Information by Public) Rules 2009 citing the concerns about the security, integrity and defense of India. The apps that now stand banned in India.</p>
<p>Why CII thinks India-China standoff a wake-up call for industry</p> <p>Financial Express June 25, 2020</p>	<p>“Even while trying to keep the borders of the country safe, the government is also battling the pandemic within. These are challenging times indeed. However, in every challenge there is also an opportunity, and as a nation we should look at that side of the coin also,” the Confederation of Indian Industry (CII) said. It said this is the right time to take some strategic and tactical decisions to ensure that India becomes economically more self-reliant, more competitive and more globally engaged. “The world sees India in a very positive light and every effort should be made to ensure that industry in India secures a larger share of international trade through greater integration into global value chains.</p>
