

# India's Modi woos and warns China

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Indian Prime Minister Narendra Modi used his three-day visit to China last week to both woo and warn China.

While promoting India as a go-to destination for Chinese big business, Modi said that Beijing needs to change its behavior if Sino-Indian relations are to progress to a new level. Following talks with Chinese Premier Li Keqiang in Beijing on May 15, Modi said that he had “stressed the need for China to reconsider its approach on some issues that hold us back from realizing the full potential of our partnership.”

“I suggested,” continued the Indian Prime Minister, “that China should take a strategic and long-term view of our relations.”

Both Modi and his Chinese interlocutors reaffirmed that no power can block the rise of China and India and their belief that the progress of each of their respective countries reinforces the other.

“If the last century was the age of alliances,” Modi told an audience at Beijing’s Tsinghua University, “this is an era of interdependence. So, talks of alliances against one another have no foundation. Neither of us can be contained or become part of anyone’s plans.”

In reality, overshadowing Modi’s entire visit was the dramatic heightening of tensions across the Indo-Pacific region as the result of the US’s “Pivot to Asia”—that is, Washington’s drive to strategically isolate, encircle, and prepare for war against China.

Under George W. Bush and now Barack Obama, Washington has made no secret of its aim to use India as a counterweight to China and integrate it into its predatory global strategic agenda.

Modi and his year-old Bharatiya Janata Party (BJP) government have tilted Indian’s foreign policy even closer to the US and its principal regional allies, Japan and Australia. This has included making Obama the first-ever US president to be the principal guest at India’s Republic Day celebrations; echoing much of Washington’s rhetoric regarding the territorial conflicts between China and its South China Sea neighbors; and suggesting that New Delhi may be willing to participate in quadrilateral joint military exercises with the US, Japan, and Australia.

At the same time, Modi has signaled that his government

will be much more welcoming to Chinese investment than its predecessor, which blocked Chinese investment in telecommunications and other areas deemed security sensitive. India is partnering with China in a number of important international initiatives, including the BRICS Development Bank and the Chinese-led Asian Infrastructure Investment Bank. The Modi government has also indicated that it is anxious to move forward with negotiations to resolve the Indo-Chinese border dispute, which in 1962 erupted in war.

Modi is thus simultaneously developing closer military-strategic ties with the US and seeking to greatly enhance Sino-Indian economic ties.

New Delhi calculates that, up to a point, closer strategic ties with Washington can help it extract favors and concessions from Beijing. This is a high-stakes gamble, which is becoming ever more precarious amidst the sharpening of global geopolitical tensions. Moreover, it is exacerbating these tensions by providing encouragement to US imperialism in its aggressive moves against China.

China, for its part, is anxious to prevent India, a nuclear-weapons state and Asia’s third largest economic power, from becoming harnessed to Washington. Beijing has repeatedly stressed its eagerness to partner with New Delhi and indicated that it would welcome India’s participation in the Maritime Silk Road and its land equivalent, the Silk Road Economic Belt.

However, Beijing is not going to allow itself to be strategically played or shortchanged by New Delhi, especially under conditions where the economic and military strategic gap between India and China has increased exponentially over the past quarter century.

Last month Chinese President Xi Jinping travelled to Islamabad to announce a massive \$46 billion investment in an economic corridor linking western China to the Pakistani Arabian Sea port of Gwadar.

This massive project, which ultimately is to involve road, rail and pipeline links, has alarmed and rankled the Indian elite. Just before Modi’s departure for China, the Indian government summoned the Chinese ambassador and launched a formal protest against the corridor. Modi also

raised the issue in his discussions with the Chinese leadership.

Publicly, India's objections to the corridor revolve around its route, which would pass through Pakistan-occupied Kashmir, territory that India claims is rightfully its own. The real issue is that the corridor scheme represents a huge boost for Pakistan, India's archrival since the two states were created through the 1947 communal partition of the subcontinent.

However, from Beijing's standpoint the corridor is a defensive thrust and not primarily because Beijing cannot be certain of New Delhi's long-term strategic intentions—although that no doubt is a factor.

Were the corridor project realized it would enable China to largely sidestep the US-dominated Indian Ocean, allowing Beijing to counter Washington's plans to cut off China's access to the oil of the Middle East and much of the markets for its goods by blockading maritime "choke points" like the Straits of Malacca.

In his talks with President Xi, Premier Li, and other senior Chinese leaders, Modi raised standard Indian complaints about Chinese state television using maps of India that reflect China's and Pakistan's traditional territorial claims. The Indian Prime Minister also pushed for clarifying the Line of Actual Control between India and China pending, and "without prejudice" to, final resolution of their competing border claims.

However, both sides were anxious to focus the talks on expanding economic ties, albeit for different reasons. While Modi boasts incessantly about India's growth rate now exceeding that of China, the stark reality is that India's GDP is just one-fifth that of China's and the Indian elite desperately needs investment to fuel capitalist growth. The Chinese regime, meanwhile, hopes that expanded economic ties will help it counteract Washington's growing influence in New Delhi.

After Modi's meeting with Li in Beijing, the two countries signed 24 agreements for cooperation in education, science, and economic development, including railways, aerospace, mining and tourism, said to be worth over \$10 billion.

On the final day of his visit, Modi traveled to Shanghai to meet with top Chinese CEOs and address a meeting of Chinese and Indian business leaders. During his trip to Shanghai, 21 business-to-business deals worth more than \$22 billion were struck between Chinese and Indian firms. Many of them involved Chinese financing for Indian infrastructure projects.

In his address to the Business Forum, Modi touted his "Make in India" campaign, which stresses India's low labour costs (i.e. its vast pool of cheap labour). However, the title of his address, "Working towards a Sustainable

Economic Partnership," highlighted, as did Modi in his talks with Chinese government leaders, New Delhi's dissatisfaction with the current bilateral trading relationship.

Currently, the balance of trade is overwhelmingly in China's favor. India's trade deficit increased in 2014 by some 34 percent to \$38 billion on total bilateral trade of just \$71 billion.

In his Tsinghua University speech, Modi said that the future of the Indo-Chinese economic partnership depended on improving "the access of Indian industry to the Chinese market. I am encouraged by President Xi's and Premier Li's commitment to resolve this problem.

There are growing divisions within India's business, political and military strategic elite over the country's relationship with China. A significant faction wants India to align even more fully with US imperialism and is critical of Modi's attempt to balance increased strategic ties with Washington with growing economic ties to China.

The opposition Congress Party has attacked Modi from the right, pointing to the discrepancy between several anti-China bombasts he made prior to his election as Prime Minister and the posture he adopted last week in Beijing. Congress spokesman Randeep Surjewala called Modi's visit "a complete and utter failure" on most "issues of national interest," citing China's commitment to massively invest in the Pakistan economic corridor and India's huge trade imbalance with China.

Former National Security Adviser M. K. Narayanan, in a comment written for *The Hindu* titled "To China with a clear strategy," accused Beijing of seeking to impose a "Sino-centric world" and urged Modi to "focus clearly on the strategic aspects of the relationship, and less on trade and economic ties."

Strategic analyst Brahma Chellaney outright opposed Modi's China visit. In a *Hindustan Times* column he claimed that Beijing is pursuing an aggressive anti-India policy on all fronts, while "New Delhi remains hobbled by low self-esteem and a subaltern mindset." He advocated that "a resurgent India" instead start challenging China over Tibet and aggressively pursue its territorial claims against China and Pakistan over Kashmir.



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