

# South Asian ruling elites rattled by Brexit campaign

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Governments in South Asia, and the ruling elites more generally, have expressed considerable anxiety about today's referendum in Britain over its membership in the European Union (EU). Ministers, commentators and officials have generally backed the "Remain" campaign and expressed dismay about the potentially damaging economic consequences of a British exit or Brexit from the EU.

Indian Prime Minister Narendra Modi, speaking about the British referendum to the *Wall Street Journal* on May 26, declared his government supported the UK staying in the EU. He added that "for us, the UK is the gateway to Europe and, in the situation that the world is in, a united Europe would be favorable."

The *Hindu*, a leading Indian daily, spelled out in more detail the concerns in ruling circles over the "Leave" campaign in a comment earlier this month titled "India and Brexit forecast." It noted that there were nearly three million British citizens of Indian origin and a large number of Indians who visit Britain every year as tourists, business people, professionals, students, spouses, parents and relatives who could be affected.

However the *Hindu's* main concerns were for the corporate interests of some 800 Indian companies operating in Britain. It referred to the "India Tracker 2016" commissioned by the Confederation of Indian Industry (CII), which found that Indian companies generate 110,000 jobs in Britain. Moreover, the number of Indian companies in the UK growing by more than 10 percent had nearly doubled this year compared to last.

In 2015, the total British turnover of Indian companies was £UK22 billion and is predicted to rise to £26 billion this year. These firms are involved in fast-growth sectors including hi-tech, telecom,

pharmaceuticals and financial services and number such giants as Bharati Airtel, HCL Technologies and the Tata Group.

The "Indian Tracker" warned: "Uncertainty surrounding the UK's impending EU referendum and the possibility of 'Brexit' may have a bearing on both the UK economy and on Indian companies' appetite for investing in the UK, particularly those seeking access to the European market."

CII director general Chanrajit Banerjee explained: "India invests in the UK [and] in the rest of Europe combined, emerging as the UK's third largest FDI investor. Access to European markets is therefore a key driver for Indian companies coming to the UK."

In a memo encouraging its staff to support the "Remain" campaign, Tata Steel management declared that access to EU markets was "fundamental to our business" and called for "careful thought" to be given to the referendum "because the choice you make on June 23 will make a difference to your working life."

Clearly worried about the potential for international financial turmoil, Raghuram Rajan, head of the Reserve Bank of India, said on Monday that "Brexit can be quite damaging if it happens." He immediately attempted to calm the markets by declaring that "India is adequately prepared to face any consequences."

In Sri Lanka, the government of President Maithripala Sirisena and Prime Minister Ranil Wickremesinghe joined the South Asian chorus for the "Remain" campaign. Telecommunication Minister Harin Fernando told the *Sunday Times* that both Sirisena and Wickremesinghe are "of the view that it would be beneficial for Sri Lanka if the UK remains in the EU as it has a strong economy."

Writing in a column published in one British newspaper, Wickremesinghe urged British voters to

choose to remain within the EU. “In Sri Lanka, we suffered the consequences of losing the GSP+, a preferential trade deal with the EU, in the late 2000s. Going by our experience, the adverse impact off a UK pull-out would be far greater,” he declared.

The *Sunday Times* reported that several Sri Lankan ministers were visiting London to urge British citizens of Sri Lankan origin to vote to remain within the EU.

According to 2014 data, the EU is Sri Lanka’s biggest trading partner in terms of overall trade (exports and imports) and also stands as its largest export partner. Sri Lanka exported more than €2.5 billion worth of products to the EU, representing 32 percent of the country’s total exports. Britain is in the top 10 of foreign investors in Sri Lanka. It also ranks as Sri Lanka’s second largest export market after the US.

In Bangladesh, economists have also expressed their anxieties about the impact of a Brexit on Bangladesh exports. Like Sri Lanka, the EU is the largest export destination for Bangladesh. Britain is the third largest export destination for Bangladesh products, totaling \$US3.2 billion in the 2015-16 financial year, of which \$2.9 billion were ready-made garments.

The fears in South Asian ruling circles over the British referendum is bound up with broader concerns about the global economic slowdown and crisis, as well as rising geo-political tensions throughout the world. A Brexit could trigger financial turmoil that will only worsen the economic and political crises already wracking the subcontinent.

In Britain, the Socialist Equality Party (SEP) has consistently explained that the interests of the working class in Britain and internationally cannot be defended by backing any faction of the ruling class, which are all whipping up reactionary nationalism and anti-immigrant xenophobia. The SEP is campaigning for an “active boycott” of the referendum. The party urges workers and youth not to mix class banners, but to fight for their political independence and for a Socialist United States of Europe as part of the struggle for international socialism.



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