

The dragon beckons again

Prime Minister [Narendra Modi goes to China on April 27](#), against the background of turbulence in global geopolitics and some domestic disquiet about “softening” of India’s China policy.

The international backdrop is worrying in many respects. The face-off between the U.S. (and its allies) and Russia is arguably worse than during the Cold War. They confront each other, through proxy forces, in three active conflict zones — Ukraine, Syria and Afghanistan. The recent U.S.-French-British missile strikes in Syria were a stark reminder. It now emerges that prior communication to the Russians had ensured that equipment, personnel and civilians had been evacuated in advance. However, such deconfliction arrangements seem to be episodic, and there is a lurking danger that miscalculation or brinkmanship might spark off a direct conflict at a local level.

Sanctions — particularly the new U.S. legislation, CAATSA (Countering America’s Adversaries Through Sanctions Act), under which it can impose sanctions on any company which engages with Russia in the defence or energy sector — impart a sharper edge to the confrontation. This weapon was not wielded in anything like this form in the Cold War; its impact could be far more devastating in today’s globalised world. Recent American sanctions on major Russian multinationals, whose stocks are internationally traded, widened the target beyond Russian oligarchs to a larger body of shareholders within and outside Russia.

China signals shift in stance on border row with India

As the U.S. ratchets up pressure on Russia, it has donned kid gloves in dealing with China, as indicated by U.S. President Donald Trump’s tweets. A recent tweet appreciates Chinese President Xi Jinping’s “kind words on tariffs and automobile barriers” and “his enlightenment on intellectual property and technology transfers”.

While India is being asked to address its trade surplus of about \$25 billion with the U.S., Mr. Trump asked China (in a tweet last month) to reduce its massive trade surplus of about \$375 billion with the U.S. by just \$1 billion! He probably meant \$100 billion, as has been suggested by his Administration, but it is worth noting that in 2017 alone, the U.S.’s trade imbalance rose by about \$28 billion. America’s decision to withdraw from the Trans-Pacific Partnership (TPP), a free trade grouping excluding China, effectively benefited China.

Protectionism in all forms should be rejected, India tells Shanghai Cooperation Organisation Foreign Ministers

India itself, running a trade deficit of over \$50 billion with China, is in difficult negotiations on the Regional Comprehensive Economic Partnership (RCEP), a free trade grouping that includes China, ASEAN (Association of Southeast Asian Nations), Japan, Korea, Australia and New Zealand.

The unpredictability of U.S. foreign policy is driving even its closest allies to hedge their options. Japanese Prime Minister Shinz Abe and Mr. Xi are to exchange visits in the near future — a significant breakthrough in relations between two strategic rivals, who were on the verge of a military confrontation about five years ago. Japan (like India) is concerned about China’s assertiveness in its neighbourhood and the geopolitical implications of its Belt and Road Initiative (BRI).

Yet, having failed to persuade Mr. Trump (with whom he claims excellent personal chemistry) to

rethink U.S. withdrawal from the TPP and uncertain about the consistency of U.S. policy in the region, Mr. Abe sees benefit in sustaining a dialogue with China, whose positive response reflects its own desire to keep in touch with a U.S. ally, in the face of conflicting U.S. signals on trade and security policies.

The sharpening of U.S.-Russia acrimony has complicated India's relations with both countries. Besides pressure to address the India-U.S. trade imbalance, India has been warned that its defence and energy links with Russia could attract U.S. sanctions under CAATSA — a development which could have a major impact on our defence preparedness. Russia's intensifying defence cooperation with China and its actions in Afghanistan and with Pakistan are areas on which serious and delicate high-level India-Russia dialogue is being pursued.

This is the backdrop to the current "reset" in India-China relations. With a strengthening Russia-China axis and with the U.S. taking its eye off China to deal with Russia, it is prudent for India to maintain a harmonious dialogue with China, even as we deal with the wrinkles in our relations with the other two great powers. China's motivation in extending the olive branch may be similar: to maintain serenity in relations while it deals with its other challenges.

This is not to say that India should not stand firm on its core interests, political, economic or strategic. We cannot overlook Chinese designs in our neighbourhood — from Doklam to the China-Pakistan Economic Corridor (CPEC), Nepal, Bangladesh, Sri Lanka and the Maldives — or ignore the larger geopolitical threat posed by the land and sea corridors of the BRI. It is just that circumstances may have opened up some space for furthering mutual interests, without compromising on our other interests.

Countries do not publicly admit adverse asymmetries in relations, but their policymakers have to factor them into their policies and actions. Of course, even countries in adverse asymmetric relationships have levers which can and should be used to further their vital interests. In most cases, this is best done through quiet dialogue instead of public airing of differences, which hardens attitudes.

It is a valid point that the public messaging on this change in tone of the India-China relationship could have been better. The course of India-China relations in the past couple of years had created a public narrative of bilateral frictions over CPEC, Doklam, our Nuclear Suppliers Group membership and other issues, on which India had to take strong public positions. The transformation in the international environment, creating opportunities for non-confrontational dialogue, could perhaps have been better explained. Foreign policy can be pursued far more effectively when it is supported by public perceptions.

The reality is that India has to maintain a pragmatic balance in its relations with the three major powers, remaining conscious of the fact that elements of these relations will be continuously impacted by the dynamic flux of today's global geopolitics.

The Prime Minister's visit to China should be seen in this context.

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