

Modi-Xi Wuhan meet: Xi's compulsions

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PM Modi's Wuhan visit (27-28 April 2018) has been described by some as the milestone in the relations of two countries while others have assessed that this is not going to bring any change in the relationship. Media both in China and India gave substantial coverage. While this has raised the hopes of improvement in bilateral relationship, the expectations of Xi from this meet can help in understanding its real significance.

A clear picture of China's current challenges and pressures need to be analysed dispassionately. While Xi's own position has been strengthened by the decision to remove the limit of two terms for the President, at present China is facing serious challenges both internally and externally.

There are reports of growing dissent among the older Chinese leaders. It is true that he had removed all those from power who were not with him. The Pamir Consulting, a leading advisory firm on China had pointed out in its report that the purge of a large number of party members including ministerial and provincial officials and Central Committee members as also several thousand military officials by Xi has generated resentment amongst a section of Chinese.

Kurt Campbell former US State department official who dealt with the Asia Policy under Obama, had observed that there was an uncomfortable apprehension among some of China's elderly leaders who recall the capriciousness and brutal realities of one-man rule. Though the impassive posture of the members of the Chinese Communist Party during the long speech of Xi in October 2017 did not indicate open resentment, analysts have noted the latent signs of resentment against Xi's growing power.

They point out that it was not attended by Li Rui, a deeply respected 100-year-old former secretary of Mao who suffered during the Cultural Revolution and had helped establish the institutions of post-Mao collective leadership. In February 2018, Li Datong, a former editor for the state-run China Youth Daily, wrote that lifting term limits would "sow the seeds of chaos." "If there are no term limits on a country's highest leader, then we are returning to an imperial regime," Li stated.

Wang Ying, a businesswoman who has advocated for government reforms, wrote on "WeChat" that the Communist Party's proposal was "an outright betrayal" and "against the tides." She urged that the proposal of removing the limit of two terms for President's position be rejected outright. Crucially, the Chinese students in the US had opposed the move of changing the limit of two terms for the President. These rare public expressions of dissent in China suggest growing resentment against Xi. While the official censorship removed such messages, the Global Times

blamed 'outside forces' were trying to challenge the leadership reflecting the worry of Xi over these developments.

On the issue of economic reforms, the resentment is growing. The economic reforms indicated in the Third Plenum in 2013 have not been implemented. In 2013, it was decided that the private capital would play a vital role and the market would have a decisive role in the resource allocation and in decisions on economic policies. This demanded the reduction in the role of the State.

However, in the last five years the reverse has happened. All the State Owned Enterprises (SOEs) have been strengthened with greater Party control, though the political leadership keeps on harping on economic liberalisation. This has enhanced the resentment amongst those who are supporting the economic reforms. Crucially, the IMF has warned China that its economy is reliant on too much of debt and the enormous boom in credit contains a risk for new economic crisis.

In the last few years, the growth in China has been propped up by rapid increases in debt and these debts are expected to rise up to 300 % by 2022. "International experience suggests that China's current credit trajectory is dangerous with increasing risks of a disruptive adjustment and/or a marked growth slowdown," the IMF report stated. There appears to be distinct possibility of economic crisis in the coming years as the government and private debt is increasing to unsustainable levels.

The fact that the Chinese growth rate is not sustainable at the projected rate is a cause for concern for Xi. The Chinese economy demands reduction in debts and increase in real growth related investments. This in turn demands a structural change.

The discontentment of minorities is acquiring a serious proportion. In Uyghur, China continues to face a tough situation arising out of the demand for a separate state. Since last year, the Chinese government has carried out a broad campaign against what it calls 'separatism and religious extremism', detaining thousands of Uyghurs and members of other minority groups in re-education camps. The Uyghurs, a predominantly Muslim and Turkic-speaking ethnic group native to the region, have faced economic isolation and restrictions on their language, culture and religious practices in Xinjiang.

The UNPO has accused the Chinese authorities for human rights violations. The Uyghurs are having bases in Afghanistan and they are reported to be having links with the Al Qaeda and ISIS. The situation in Tibet too is far from normal. The White Paper of 2015 stated that the separatist forces for 'East Turkistan independence' (Xinjiang) and 'Tibet independence' have inflicted serious damage, particularly with escalating violent terrorist activities by 'East Turkistan independence' forces.

China is more concerned about peace in Xinjiang as a terrorist Xinjiang could pose a serious threat to China-Pakistan Economic Corridor- a project on which China is spending a huge amount.

The Taiwan and Hong Kong are witnessing in the independence movements, which are growing in strength. The separatism in these regions gravely threaten the Chinese rise. With support from the US in these regions, the situation could worsen.

In view of the above internal problems, China under Xi has adopted an ultra-nationalist policy of enhancing its areas in the periphery and focusing on acquiring the status of a world power. These are aimed at diverting the attention of the domestic population from the internal problems and hoping to improve the economic condition of China. In external arena, the situation has changed in the past four years.

The following factors merits attention in this context. First, despite its creation of artificial islands and use of coercive diplomacy to strengthen its claims on the South China Sea, the situation is far from satisfactory from the Chinese view point. US has openly asked India to play an important role in the South China Sea region. Most nations of the region welcome India's role as they see that India does not have any territorial ambitions. Modi's visits in the region have significantly strengthened India's relations with ASEAN.

India's invitation to 10 ASEAN leaders on the Republic Day in 2018 to mark 25 years of India-ASEAN relations was unprecedented. This was reflective of the growing importance of ASEAN in India's Act East Policy. At the commemorative summit, the ASEAN leaders renewed their commitment to enhance the multifaceted relations between the ASEAN members and India. The Delhi Declaration of January 2018 resolved to 'further strengthen and deepen the ASEAN-India Strategic Partnership for mutual benefit, across the whole spectrum of political-security, economic, socio-cultural and development cooperation'.

The political and security cooperation received adequate attention. It contained commitment to work closely together on common regional and international security issues of mutual concern and ensure an open, transparent, inclusive and rules-based regional architecture through existing ASEAN-led frameworks and mechanisms. The PM Modi in an article on the 26th January 2018 stressing on the shared values and common destiny, averred that India and ASEAN have a common vision for the future, built on commitment to inclusion and integration.

Modi's interaction with US, Japan, Australia indicated the possibility of quadruple alliance taking a firm shape. Modi has also roped in Russia in the process of creating an open, transparent, inclusive and rules-based regional architecture in Indo-Pacific region through existing ASEAN-led frameworks and mechanisms.

The Asia-Africa Growth Corridor is receiving attention of nations that can side line the CPEC project of China. The Third India-Africa Forum Summit held in New Delhi (October 26-29) unveiled a "dynamic and transformative agenda" of mutual empowerment and mutual resurgence that will bring India and Africa closer in years and decades to come. This indicated that the Chinese hegemonistic ambitions in the African continent could be seriously affected. The China-Africa trade which shot up to over \$221 billion in 2014, but has since declined considerably. African nations prefer to have diverse partners and India is viewed as a friend. India's technology suits them—it is adaptable and affordable.

The Indian capital comes without its labour and its business is considered law-abiding. These give advantages to India.

In the West, India also took further steps to strengthen relations with the West Asian nations, particularly Saudi Arabia, UAE, Qatar, Oman, Iran, Israel and Palestine. The Indian approach towards Israel and Palestine, as also, towards Iran and Sunni Muslim nations indicated that their own differences are in no way going to impact India's relations with them.

India's relations with Iran and Afghanistan are strengthening causing concerns in China. India and Iran signed nine agreements during the President Rouhani's visit in February 2018 and both sides focused on Iran's Chabahar port. Prime Minister Narendra Modi in the joint statement, highlighted the importance of the Chabahar port, saying that Indian access to this port would help in increasing India's trade with several nations.

With Afghanistan India's engagement is on several levels with high level visits being exchanged regularly. Last year Afghan President Ashraf Ghani openly voiced his concerns about Pak support to terrorist groups like Taliban and desired India's help in the development projects. India's engagement with the Muslim world can help India strategically. There now appears a distinct possibility of actualisation of the North-South Corridor to facilitate the Indian goods reaching Central Asia through Chabahar port in Iran which had remained on paper for the past two decades.

The internal problems coupled with challenges emanating from the external security environment do not present a comfortable position for Xi. The growing international stature of Modi and the fact that India under Modi is willing to play its role in international affairs particularly in Asia-Africa region rather than being a ring side observer made Xi realise that expediency demanded to keep Modi engaged. His focus is at present to have the Uyghurs' bases in Afghanistan so that they may not threaten CPEC. Xi feels that the Chinese interests in Central and West Asia can be protected with the cooperation of India.

These compulsions led to Xi extending invitation to Modi to come for informal meeting, when the latter made a customary call to congratulate the former on his re-election. Modi on his part has been saying that he desires "sabka sath, sabka vikas" and desires peace. He readily agreed to come for this meeting.

However, this does not mean that all irritants would be resolved soon. China had taken a strong view on the border issue and despite 2005 Agreement, the situation on the ground has not changed. Recently not only the Chinese incursions increased but China also objected to the visit of the Indian Defence Minister to Arunachal Pradesh. China may make some gestures in the form of continuing meetings at this level to ensure India's cooperation in Afghanistan and allowing some space to China in the North-South Corridor.

There is hardly any possibility of significantly improving relations between the two countries given the Chinese aggressiveness along the borders and its ultimate agenda of establishing hegemony in the region and increasing its footprints in the Indian Ocean. Xi has adopted the policy of ultra-nationalism to keep the local population mobilised to support his expansionist policies in the periphery.

Recently it came up with 1951 Chinese map to strengthen its claims in the South China Sea. India needs to be prepared for such fabricated maps on the Sino-Indian border. Pragmatism demands that India should remain careful about the Chinese actions and take suitable counter measures.

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