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OPINION | EAST IS EAST

Boycotts Won't Beat the Chinese Dragon

If India wants to compete, it needs to free its own economy and embrace free-trade agreements.



By

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Indian Prime Minister Narendra Modi and Chinese President Xi Jinping in Goa, India, Oct. 16, 2016.

PHOTO: MANISH SWARUP/ASSOCIATED PRESS

Can India use a boycott to punish Beijing for alleged intrusions across a contested Himalayan boundary? A social-media campaign to fight China “with wallets rather than bullets” has struck a chord in India, but decoupling Asia’s largest and third-largest economies is neither feasible nor sensible. Instead of prickly nativism, India needs economic reform and lower trade barriers to compete effectively with China.

The #BoycottMadeInChina campaign comes amid a continuing five-week standoff between thousands of Chinese and Indian troops. Neither side has fired a shot, but scuffles, captured on cellphone videos circulated on social media, have led to injuries. Over the weekend, Indian and Chinese generals

met to negotiate a de-escalation, and both sides have begun to pull back troops.

Even before the most recent flare-up, anti-Chinese sentiment in India was running high. Many Indians blame Beijing for the coronavirus, which has battered the Indian economy. Amid these tensions, environmentalist Sonam Wangchuk is campaigning to boycott Chinese products.

In a YouTube [video](#), Mr. Wangchuk appears seated on a boulder against a backdrop of the snow-capped Himalayas. Speaking in Hindi, he urges Indians to hit Beijing where it hurts—in the wallet. He exhorts Indians to discard all Chinese hardware in a year and Chinese software in a week.

More than four million people have watched the nine-minute video in just over a week. Mr. Wangchuk has appeared on numerous Indian TV channels, and thousands of people have retweeted his messages, multiplying the hashtags #BoycottMadeInChina, #BoycottChina and #BoycottChineseProducts. An [online survey](#) by News18, an Indian media company, found 91% of respondents favored a boycott of Chinese goods.

The campaign has generated pushback too. Last week, Google took down the app Remove Chinese Apps from its Play Store after it was downloaded more than five million times since its launch in May. [Twitter](#) briefly blocked dairy cooperative Amul's account after it shared an ad showing its iconic mascot, a little girl in a polka-dotted dress, confronting a Chinese dragon. The boycott campaign also drew a rebuke from China's state-owned Global Times, which ran an op-ed warning India against "promoting narrow-minded tech nationalism."

Indian anxieties about a lopsided economic relationship with China aren't new. Since New Delhi began reforming its economy in 1991, bilateral goods trade has jumped by more than 1,200 times, to \$85.7 billion in 2018, but about fourth-fifths of this consisted of Chinese exports to India. India exported only \$17.3 billion of goods to China. In the same year, India exported \$84 billion worth of goods and services to the U.S., with which India runs a modest surplus.

The Indian government has erected barriers to limit Chinese economic inroads. India has shunned Beijing's Belt and Road Initiative, raised tariffs on many low-cost manufactured goods, and last year abandoned talks to join the Regional Comprehensive Economic Partnership trade grouping. In April, India amended foreign direct investment rules to add extra scrutiny for investments from neighboring countries, including China. In a televised address last month, Prime Minister Narendra Modi called for India to become self-reliant.

"There's a broad sense in India that many of the international rules of the game, whether in trade or finance, have been exploited by China," Cornell

economist Eswar Prasad says in a phone interview. “The question is: How do you maintain productive trade and economic links with China without getting swallowed up by China?”

Some of New Delhi's concerns are legitimate. For instance, it makes sense for India to push for greater market access in China for its competitive software and pharmaceutical firms, and to worry about the security implications of Huawei's attempts to build India's 5G network.

At the same time, New Delhi shouldn't lose sight of the big picture: Chinese trade and investment benefits India too. China's emergence as India's second-largest trading partner after the U.S. has helped improve living standards by providing Indians with competitively priced goods. More recently, China has become a major investor in India as well. A report published earlier this year by Brookings India estimates that current and planned Chinese investment in India has crossed \$26 billion, up from \$1.6 billion invested in 2014.

Alibaba and Tencent have invested in a slew of prominent Indian startups, including the payment app PayTM, the rideshare service Ola, and the food-delivery apps Zomato and Swiggy. The Mumbai-based think tank Gateway House estimates that 18 of India's 30 “unicorns,” startups with valuations of \$1 billion or more, have Chinese investors. Four of the top five smartphone brands in India are Chinese. The video-sharing app TikTok has been downloaded 611 million times in India.

The size and scope of India's economic ties with China make it impossible for New Delhi to decouple without big economic disruptions. The Chinese market is too large to walk away from, and Indian startups need capital that Indian investors alone cannot provide.

Instead of mindlessly boycotting Chinese products, India should up its own game by slashing red tape, improving its roads, ports and railways, wooing foreign investment, and embracing multilateral trade agreements that force its firms to become more competitive. Only an outward-looking India embedded in the global economy can hope to compete with the dragon at its doorstep.

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