

India's RCEP Refusal: Geopolitical Blunder or Pro-American Pivot?

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The popular observation that India's refusal to join RCEP amounts to a geopolitical blunder overlooks the very distinct possibility that this probably wasn't a mistake at all, but a preplanned move to justify the country's ongoing pro-American pivot, albeit at the expense of its regional influence though with the added "benefit" of becoming the US' strategic beachhead in the South Eurasian Rimland.

Modi's Blunder?

The globally renowned Japanese financial newspaper Nikkei published a thought-provoking analysis on India's [refusal to join RCEP](#) earlier this week. "[India makes historic blunder in abandoning RCEP trade deal](#)", written by James Crabtree, an associate professor in practice at the Lee Kuan Yew School of Public Policy at the National University of Singapore and author of "The Billionaire Raj", made the case that the country surrendered its regional influence in ASEAN to China by capitulating to intense public opposition against the deal which he says wouldn't have made much of a difference anyhow had it entered into practice since "it is shallow in its ambition, acting mostly to tidy up existing bilateral agreements." In his opinion, "Modi's decision makes China the overwhelmingly dominant voice in a new deal" and "sends alarming signals about India's commitment to both trade and domestic economic reform more broadly." All of this is true, but it misses the point that this probably wasn't a mistake at all, but a preplanned move to justify the country's ongoing pro-American pivot.

Debunking The Economic "Balancing" Narrative

The argument can be made that it would have "been better" from an American perspective for India to "balance" China within the bloc, during which time it could seek to expand its influence in ASEAN together with Japan through their joint "[Asia-Africa Growth Corridor](#)" (AAGC) in order to provide a credible alternative to Beijing's [Belt & Road Initiative](#) (BRI). That viewpoint, however "theoretically sound" it may be, fails to take into account the reality that neither India, Japan, nor their combined economic potentials are capable of competing with China, and that the ASEAN states' decision to go ahead with RCEP without India's participation as a so-called "counterbalance" proves that they're keenly aware of this and would rather "bandwagon" with China than "balance" against it. The very fact that anyone would seriously consider India at this point in time as being capable of "competing" with China in the economic sense speaks to the effectiveness of New Delhi's Bollywood-like infowar narrative that the still-developing South Asian state is supposedly already a "global power".

It's not, nor will it ever be anytime in the coming future except in some long-term scenarios

because its socio-economic and political foundations at home are much too weak for it to project any meaningful influence outside of its immediate neighborhood in South Asia, though that nevertheless doesn't mean that it lacks latent potential and could eventually fulfill this role with time and massive external support. Prime Minister Modi himself is obviously very well aware that his country is "all bark and no bite" in this respect, as well as its so-called "success story" being mostly an illusion that's conveniently decontextualized and then overamplified upon narrative manipulation by wishful thinking stakeholders within his homeland and beyond who have a geopolitical interest in propagating it abroad so as to portray India as the "predestined counterbalance" to China. This isn't just done for reasons of so-called "prestige" or simply to "bluff" the People's Republic (which never fell for it in the first place), but to encourage more foreign direct investment from the West.

The Pro-American Pivot In Practice

India's decision makers have decided to stake their country's future on a military-strategic alliance with the US that they hope will eventually reap economic dividends for them if they can convince America that they're the perfect re-offshoring destination for the Western companies that leave China as a result of the so-called "[trade war](#)". The two sides have already signed military [logistics](#) and [communications](#) agreements over the past few years, and the US has [suddenly emerged](#) as India's third-largest defense partner in the span of only a decade, so it's clear that each country's military, intelligence, and diplomatic bureaucracies ("deep states") are already working very closely together with the unstated intent of "[containing](#)" China through the Pentagon's "[Indo-Pacific](#)" strategy. [India's \(declining\) military partnership with Russia](#) is mostly the result of the historic inertia of their ties and is nowadays relied upon as a convenient excuse to deflect any criticism that it's actually pivoting towards the US by claiming that it's still practicing the policy of what it unconvincingly calls "multi-alignment".

As part of this ongoing pivot, India knows that it needs to eventually transform its nascent military-strategic ties with the US into lasting economic ones, but it'll be unable to retain America as its [new top trading partner](#) without entering into a free trade agreement with it, though that would have been practically impossible in the current context had it gone ahead signing one with China instead. The domestic opposition to RCEP is real, but it was indirectly stoked by the same pro-government oligarchs (especially from Gujarat, Haryana, and Rajasthan) that stand to lose the most from the emergence of China as a credible competitor in what has hitherto been a largely protectionist domestic marketplace that's kept their spheres of economic interest safe from foreign rivals. Prime Minister Modi depends on these groups for support and can't risk their ire, especially not after they proved just how capable they are of [mobilizing intense opposition against RCEP](#) in recent weeks, so any speculative doubts in his mind about the wisdom of rejecting this deal were [surely dispelled](#).

Westward, Ho!

It's therefore not a coincidence that his government's Commerce and Industry Minister Piyush Goyal declared just a day after India rejected RCEP that "At present, India is exploring trade agreements with the USA and the European Union, where Indian industry and services will be competitive and benefit from access to large developed markets", which was the dog whistle needed for Indian media such as the [The Times Of India](#) to editorially describe this as a "strategic shift". Some casual observers might be surprised by this since they were probably under the mistaken impression that the two sides were

engaged in a fledgling “trade war”, though like the author noted back in June, “[Delhi And Washington Are Just Trying To Get A Better Trade Deal](#)” from one another through their hardball tactics against the other, all of which are aimed at improving their negotiating positions and extracting concessions from their counterpart. India may have tried to play those developments off as an “emerging rift” with the US over the past few months with the hope of extracting concessions from China and thus signing RCEP instead of an eventual free trade agreement with the US, but that’s no longer the case now that New Delhi has officially shown that it’s openly returning to Washington’s economic embrace, with Indian media even [reporting](#) that Goyal will travel there next week to continue trade negotiations.

India is much more confident talking about its desire to reach a free trade deal with the US after blaming China for its failure to sign RCEP by claiming that the terms of the agreement wouldn’t have been beneficial for the average Indian. The innuendo is that China was trying to “take advantage” of India through economic means but the country’s “wise leader” saw through this “scam” and saved his country from certain doom. That’s of course not what really happened, but it’s the impression that was made upon average Indians. The narrative groundwork has now been set for taking the [developing Sino-Indo split](#) even further by adding an economic dimension to India’s military-strategic alliance with the US, though India will still have to carry out domestic economic reforms prior to the signing of any forthcoming free trade agreement just like it would have had to eventually do with RCEP, but the pro-government oligarchs are unlikely to rally the masses to resist them as long as their core interests remain protected. The genie is out of the bottle, however, and it can’t be guaranteed that there won’t be just as loud of an outcry against a deal with the US like there was against the one with RCEP.

Concluding Thoughts

Far from being the “blunder” that it’s being portrayed as, India’s refusal to join RCEP was most likely the next phase of its preplanned pro-American pivot, which was proven in hindsight by its Commerce and Industry Minister immediately talking about his country’s interest in reaching a free trade deal with the US right after. It was unrealistic to ever expect India to “balance” China in RCEP, so its decision not to join actually didn’t change much other than making it increasingly obvious how much economic influence the People’s Republic wields in Southeast Asia nowadays, but the geopolitical implications of this move were to widen the Sino-Indo split and create the “justification” for “balancing” Beijing with Washington after the weaponized infowar narrative was implied that New Delhi’s neighbor was trying to “take advantage” of it through the deal. The military-strategic basis of the Indo-American alliance will therefore likely grow to include an economic dimension with time, and while the terms of any forthcoming free trade agreement with it might even be comparatively worse than the ones that RCEP proposed, they’ll likely protect the interests of the pro-government oligarchy and thus ensure the establishment’s support for this “strategic shift”.

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