

“BRI project of China: India’s outlook towards CPEC”

*Anshita Shekhar
Banaras Hindu University,
Varanasi*

Abstract

Relationship between India and China date back to 3rd century and is full of fluctuations based on dynamic interests.

However, the present decade witnessed a lot of deflections in the bilateral relations of these two countries. From clashes over Aksai Chin or China calling Arunachal Pradesh as “South Tibet,” to the Doklam Stand-off (2017), disruptions were on and off. Even in the midst of a world pandemic, the armies of the two countries were seen clashing in Nathu La, Sikkim, India on 10 May, 2020.¹ In addition to such conflicts, the Belt and Road Initiative (BRI), which is mega development strategy adopted by China in 2013, has been more or less another huge bone of contention between India and China. The purpose of this strategy is to promote economic development and inter-regional connectivity, serving large regions such as Asia, Africa, Europe and Middle East. The project is roughly based on the coordinates of Silk Road, which was an ancient trade route connecting China with the Western world.

This paper studies India’s approach towards BRI, with a precise summary of bilateral relations of the two countries, analysis of what it may look in the post-pandemic world order and essential stand to be adopted.

Key words: BRI, CPEC, balance of power, foreign policy, Sino-Indian Bilateral relations, Corona Virus.

INTRODUCTION

India was one of the earliest countries – the second in the non-socialist world and the first in South Asia – to recognize the People’s Republic of China (PRC) on 1 April, 1950. In 1954, India and China enunciated the Five Principles of Peaceful Coexistence known as **Panch Sheel**. Panch Sheel provided basic foundations for beneficial relations between China and India, based on trust, equality and mutuality of interest. Co-operative security system and improved trade and commerce were expected as subsidiary changes of Panch Sheel. However, Sino-Indian war of 1962 led to a serious setback in the bilateral relations. Nevertheless, India and China restored diplomatic relations in 1976. In 1979, the then External Affairs Minister, A.B. Vajpayee, made a landmark visit to China, which led to the renewal of contacts at the highest political level after two decades.

¹ <https://www.thetimes.co.uk/article/chinese-and-indian-troops-injured-in-border-brawl-3gsfwp37r> (Accessed on 30 April, 2020)

The visit of Prime Minister Rajiv Gandhi to China in December 1988 was another milestone in India-China relations. Relations between the two countries improved steadily after the visit. High level exchanges provided the necessary impetus to the growth of long term good neighborly relations.

President Jiang Zemin's state visit to India in November 1996 was the first by a Chinese head of state in contemporary times. During his visit, four agreements were signed, of which the most important was one on the Confidence Building Measures (CBMs) in the military field along the Line of Actual Control (LAC) in the India-China border issues. Again, the bilateral relations suffered a setback after India's Pokran-II nuclear tests in May 1998. In early 1999, both countries reiterated that neither country is a potential threat to the other.

Commerce and Industry Minister, Murasoli Maran, visited China in February 2000 during which an India-China Bilateral Agreement for China's Accession to the WTO was signed. President K.R. Narayanan visited China in May-June 2000. This was the second visit by an Indian head of state to China in the last 50 years and it marked normalcy in bilateral relations. The two Presidents held official talks coinciding with the 50th anniversary of the establishment of diplomatic relationships.

Premier Zhu Rongji visited India in January 2002, accompanied by a high level delegation. Six Memorandum of Understanding (MoU) were signed during the visit, related to cooperation in tourism, provision of hydrological data by China to India, peaceful uses of outer space, science and technology and phyto-sanitary measures.

Prime Minister Vajpayee met new Chinese President, Hu Jintao, for the first time in St. Petersburg in May 2003. Both India and China instituted a wide-ranging dialogue on security issues, counter-terrorism and policy planning. Consultations between the foreign and commerce ministries, which are held on a regular basis, provide an opportunity for a frank exchange of views between the two sides. There was also regular interaction between various strategic and foreign policy think tanks at the Track-II level. Prime Minister A. B. Vajpayee made an official visit to China in June 2003. Ten agreements and a Joint Declaration on Principles for Relations and Comprehensive Cooperation between India and China were concluded.

The visit by Indian Prime Minister, Dr. Manmohan Singh, to China in January 2008 culminated in the signing of 'A Shared Vision for the 21st Century of China and India'. It was another important milestone for the development of bilateral relations. Two countries made a commitment to build a harmonious world of durable peace and common prosperity, thus, further advancing China-India strategic partnership. The two sides welcomed the commencement of the China-India Defence Dialogue and expressed their satisfaction at the successful conclusion of the first joint antiterrorism training between their armed forces in December 2007.

In the first quarter of 2008, China has become India's number one trading partner, apart from the EU. Encouraged by the strong growth, the two sides have upgraded the target for trade volume from US\$40 billion to US\$60 billion by 2010. Mutual investments were also expanding in various sectors. Wen Jiabao, China's prime minister, visited India in December 2010, and the two sides agreed that as the two largest developing countries in the world, India and China shoulder important and historical responsibilities of ensuring their comprehensive and sustainable economic and social development.²

It was after the year 2010 that several other contentious issues, such as the issue of Tibet, the status of Arunachal Pradesh, Sikkim's accession to the Indian union, clashes over Dalai Lama, insurgencies in the east etc kept shaking the ties which were strengthened during all these years mentioned, with Doklam-Standoff and BRI being the recent ones.

Belt and Road Initiative (BRI), formerly known as **One Belt One Road (OBOR)**, is the brainchild of Chinese premier Xi Jinping, who was struck with its idea during his visits to Central Asia and Southeast Asia in 2013.

The project builds on the old trade routes, widely known as Silk Road, that once connected China to the western world countries. The initiative broadly covers building **Silk Road Economic Belt** and 21st-Century **Maritime Silk Road** together.³ "Belt" indicates transcontinental routes for road and rail transportation and "road" refers to the sea routes. The Chinese government frames the initiative as an opportunity to enhance regional connectivity into a global map, benefitting mutual trade and commerce interests of several countries. The initiative encompasses around 60 countries, including almost four continents, is roughly said to cost around US\$4–8 trillion.⁴

The projects receive financial support from the Silk Road Fund and Asian Infrastructure Investment Bank (established 2015) while being technically coordinated by the B&R Summit Forum. The infrastructure is set to be spread in the following areas:⁵

1. The New Eurasian Land Bridge (Western China to Western Russia touching Kazakhstan, Russia, Belarus, Poland and Germany).
2. The China–Mongolia–Russia Corridor (Northern China to the Russian Far East).
3. The China–Central Asia–West Asia Corridor (Western China to Turkey).
4. The China–Indochina Peninsula Corridor (Southern China to Singapore).

² International Politics, Ed. by Rumki Basu, Sage Publications, New Delhi, 2012, p. 443.

³ http://english.www.gov.cn/news/top_news/2015/03/28/content_281475079055789.htm (Accessed on 10 May, 2020)

⁴ <https://www.economist.com/china/2016/07/02/our-bulldozers-our-rules> (Accessed on 10 May, 2020)

⁵ Bala Ramasamy, Matthew Yeung, Chorthip Utoktham and Yann Duval, "Trade and trade facilitation along the Belt and Road Initiative corridors", ARTNeT Working Paper Series, No. 172, Bangkok, ESCAP, 2017.

5. The China–Pakistan Economic Corridor (CPEC).

The project has a targeted completion date of 2049, coinciding with the 100th anniversary of the People's Republic of China. China has listed its objectives present with the initiative as follows:-

- 1. Markets for excess capacity:** BRI will help China access new markets for its excess capacity in the manufacturing and construction industries particularly steel, cement and machinery that will be utilized in the development of BRI infrastructures like ports, railways, pipelines, and highways.
- 2. Develop western regions of China:** particularly Xinjiang which is relatively underdeveloped by increasing economic activities in those regions. Xinjiang has had ethnic tensions and is regarded as a vulnerability of China.
- 3. Creating alternative energy supply routes:** to the choke points of Straits of Hormuz and Malacca, through which almost all of China's maritime oil imports pass.
- 4. Increase influence:** BRI can strengthen China's influence over countries in both western and eastern hemispheres, reinforce its ambitions to become a maritime superpower and develop financial institutions competing with the Bretton Woods System (WB and IMF).
- 5. New investment options:** China has accumulated a large amount of capital over the last few decades. It is now looking for new investment opportunities that preserve and increase the value of that accumulated capital.
- 6. Internationalization of Renminbi:** The massive overseas investment in the BRI will speed-up the internationalization of the Renminbi (China's currency) just like the US Dollars.
- 7. Counter Asia-Pivot:** BRI is also seen as a strategic response to the military re-balancing of the United States to Asia which is famously called the Asia-Pivot strategy.

China–Pakistan Economic Corridor (CPEC), derivative of BRI, is the biggest concern of India triggered by this initiative as it crosses the Pakistan occupied Kashmir (PoK) area.

China-Pakistan Economic Corridor (CPEC)

The CPEC begins at Kashgar in China's Xinjiang Uighur Autonomous Region and ends at the port of Gwadar in Pakistan's Balochistan Province. The initiative's architects envision building a network of highways, roads, railways, pipelines, ports, and information technology parks along the route. Two focal points of the corridor are the development of Gwadar to enable the movement of Chinese goods from China's western provinces to the Arabian Sea by way of the Indian Ocean, and the modernization of the Karakoram Highway between Pakistan's Punjab Province and Gilgit-Baltistan. The corridor aims to connect Gilgit in northern Pakistan to Gwadar in the south. Chinese entities have invested approximately \$62 billion in the CPEC.

China's grand ambitions for infrastructure investment in Pakistan are unmatched by any of Islamabad's other strategic partners.⁶ Pakistan has constantly praised CPEC since 2013 as a scheme which would bring regional development and enhanced connectivity to the region. As of now, however, there are several allegations on Pakistan for corruption practices slowing down the construction process. Recently, Asim Saleem Bajwa, chairman of CPEC Authority, rejected reports about the adverse impact of the corona virus on CPEC projects. He said that in fact the second phase of the CPEC being launched to add more sectors which would be developed in Pakistan.⁷

On the other hand, USA is suspicious about China's approach in developing CPEC for the betterment of Pakistan's economy. Alice Wells, the top US diplomat for South Asia, stated that Pakistan could end up with a higher debt burden because of CPEC. She added that it was not an aid to Pakistan but a form of financing, ensuring guaranteed profits for Chinese enterprises.⁸

Coming back to India's viewpoint, India has constantly questioned the initiative's transparency and processes, based on its concerns over territorial sovereignty.

India and BRI/CPEC

Territorial disputes and intrusions by Chinese army have been very regular since last few years. Of early incidents, India has consistently opposed the 1963 "**China-Pakistan Boundary Agreement**" that recognizes PoK as under "actual Pakistani control" without prejudicing a final dispute resolution with India. India has also protested the Karakoram Highway on which traffic has been plying regularly.

Indian strategists think that plausible explanation of China's aggressive policy was to pursue the traditional policy of expansionism. Historically speaking, every strong imperial regime in China attempted to expand its borders. Indian strategists are, more or less, thinking BRI as a supplement of this expansionist policy of China.⁹ There is a view that if Chinese expansionist influence continues to grow widely, not only in Asia but in other continents as well because of BRI, then India would be largely facing challenges from its biggest neighbor about the balance of power in Asia.

⁶<https://carnegieindia.org/2018/08/21/india-s-answer-to-belt-and-road-road-map-for-south-asia-pub-77071> (Accessed on 13 May, 2020)

⁷<https://economictimes.indiatimes.com/news/defence/scope-of-cpec-to-be-enhanced-in-2nd-phase-pakistani-official/articleshow/75064819.cms> (Accessed on 14 May, 2020)

⁸<https://www.hindustantimes.com/world-news/cpec-is-not-about-aid-us-warns-pakistan-of-risks-from-china-infrastructure-push/story-qhpJOFO3l8EJwwKqhQZcNM.html> (Accessed on 14 May, 2020)

⁹ India's Foreign Policy, Ed. by Sanju Gupta, Pearson Publications, New Delhi, 2012, p.56.

There is another view where Indian strategists claim that there is not much to lose if India considers BRI as a commercial project, with viable financing intended to benefit both China and India. However, the evidences supporting this view are weak.

India flagged its protest by not attending the B&R Summit Forum that China hosted in May 2017. A primary concern for India is that China will use its economic presence in the region to advance its strategic interests. The Indian government's May 2017 statement claims that China has exhibited a disregard for territorial integrity, particularly with respect to the CPEC, which runs through the disputed territory of Kashmir.

India has remained suspicious about estranging political agendas of China. One significant example of such agenda of China is when the Sri Lankan government was forced to lease a strategically located port of Hambantota to China, for ninety-nine years in 2017. The port was built using Chinese loans but, due to the high interest rates, Sri Lanka was unable to repay and incurred a burgeoning debt burden.¹⁰ Interestingly, Hambantota is the home town of the Rajapaksas. Additionally, not only Sri Lanka but Maldives and Malaysia had second thoughts on some of the infrastructure projects under BRI over fears of a “debt trap.”

Another important example of antagonizing agendas of China is of Hong Kong. Hong Kong is a former British colony handed back to China in 1997. It has its own judiciary and a separate legal system from mainland China because of the “**One country, two systems**” constitutional principle adopted by China for the governance of Hong Kong and Macau since they became Special Administrative Regions (SARs) of China in 1997 and 1999, respectively. Those rights include freedom of assembly and freedom of speech. But those rights expire in 2047 and it is not clear what Hong Kong's status would be then. Since June 2019, multiple protests have been going on in Hong Kong against China, basically against Hong Kong Extradition Bill, 2019. The proposed bill would have allowed for Hong Kong to extradite criminal suspects to places it does not have an extradition treaty with, including mainland China, Taiwan and Macau. The bill was formally scrapped by Hong Kong government in October, 2019. However, protesters have continued regular demonstrations, which spiraled into a wider pro-democracy movement. Earlier statement of Chinese president Xi Jinping warned against separatism, saying any attempt to divide China would end in “bodies smashed and bones ground to powder.”¹¹ This lone statement explains the hostile approach and its over-ambitious expansionist policy.

The increasing degree of competition between China and India has raised the stakes. Until China's BRI emerged, India did not sense a threat to its bilateral relationships with its neighbors, as India's relationships with other leading infrastructure funders in South Asia, such as Japan, are not characterized by such a prevailing sense of competition. China's rise highlights India's

¹⁰ <https://www.nytimes.com/2017/12/12/world/asia/sri-lanka-china-port.html> (Accessed on 17 May, 2020)

¹¹ <https://www.bbc.com/news/world-asia-china-50150853> (Accessed on 17 May, 2020)

underlying wariness that Beijing's influence in the region comes at the expense of New Delhi's standing as a regional leader. China's diplomatic outreach in South Asia seems to be a result of its global ambitions to be a great power. Like the typical rising power, China questions the existing order and aims to create a structure more favorable to its interests. Such a shift, if advantageous to China, would profoundly affect India's strategic and national interests.

There are no second thoughts about PoK being a homely abode for terrorists from Pakistan. Since decades, India and Pakistan have been sharing several strives over the issue of this part of Kashmir. Despite of the UNO intervention, no possible solution was found in sight which led to the establishment of treacherously radical elements in PoK over the years. Now, China has been probing deep in this issue with its point of view matching the one with Islamabad. Not only has it vetoed in favor of Pakistan in United Nations over many critical issues, but has remained kind of openly supportive to Pakistani's terrorists. One recent example is China putting veto over declaring Masood Azhar, chief of the Pakistan-based terrorist group Jaish-e-Mohammad (JeM), as a "global terrorist" at the United Nations. Azhar is allegedly known as the mastermind of Pulwama Attack in Kashmir, in March 2019. This was the fourth time that China has blocked a motion to blacklist Azhar at the United Nations.¹²

Clearly, India has remained skeptical about apprehensive actions being planned in both the neighbors surrounding Kashmir. Thus, the last thing India would want in the region is on open road linking the disputed area with China.

In April 2019, European Union Ambassadors to China issued a statement saying the BRI ran "counter" to their agenda for liberalizing trade and "pushed the balance of power in favor of subsidized Chinese companies." After Central Asia and Southeast Asia, China's biggest foray is into Europe, and the criticism of the European Union Ambassadors did not go unheeded by Beijing. China agreed to renegotiate terms on projects, reached out to regional organizations like the Arab and African forums and the EU, where the Chinese Premier pledged to "respect EU rules and standards" at a summit of "17+1" Central and Eastern European countries that are part of the BRI.

There's another point of concern for India in the BRI scheme. It includes the Maritime Silk Road's ports, naval bases and surveillance posts in Indian Ocean will encircle India. This might be a part of China's "**String of Pearls**" strategy, which commenced in the 1980s. This strategy is aimed at enhancing China's energy security. "String of Pearls" will help China project its political and military influence into the Indian Ocean region. It relates to Chinese efforts to increase access to ports and airfields, develop social and diplomatic relationships, and modernize

¹² <https://economictimes.indiatimes.com/news/international/world-news/china-blocks-masood-azhars-listing-as-global-terrorist-for-the-fourth-time/articleshow/68398418.cms> (Accessed on 19 May, 2020)

military forces that extend from the South China Sea through the Strait of Malacca across the Indian Ocean to the Persian Gulf.

The CPEC and certain other aspects of the BRI more broadly tend to disregard India's concerns about sovereignty and territorial integrity.

In October 2019, Indian External Affairs Minister S. Jaishankar stated that India won't ever copy the model of BRI since we have matters of sovereignty placed as our utmost priority. He had also added in an earlier statement that New Delhi would not do any re-thinking about India's approach towards BRI and no country would accept a project which ignores the fundamentals of territorial sovereignty.¹³

In other recent developments, India's Prime Minister Narendra Modi surprisingly attended the Non-Aligned Movement (NAM) virtual summit, after previously skipping two summits signaling India's move away from it having adopted the policy of multi-alignment. It might be an indication that India may use the NAM platform for slowing down the over-ambitious project developments by China.¹⁴

BRI and India in the post-pandemic era

According to the Hudson Institute, an American think-tank, stated that USA and India must develop a plan to counter possible efforts by China to strengthen its position in the Indian Ocean by deepening ties with Pakistan and Sri Lanka by taking advantage of their economic woes due to the corona virus pandemic. Their report has predicted that economies of India and Bangladesh is going to pull through the devastation without any massive loss, however, economies of Pakistan and Sri Lanka are likely to suffer the most in South Asian region. The leaders of the latter ones are supposedly going to ask for China to act as their benefactor as they did in the past. China has already granted an "urgent" loan of USD 500 million to Sri Lanka to help it combat the virus, which has infected over 1500+ people and claimed more than 10 lives in the country.¹⁵

Such circumstances would come at the expense of India's security and US influence in the region. Therefore, India and US should work mutually to reinforce their presence in the Indian Ocean region by helping the countries like Pakistan and Sri Lanka to bail out of the hardships, the report stated.

¹³<https://www.aninews.in/news/national/general-news/india-wont-join-bri-its-concept-wont-apply-to-us-jaishankar20191004161140/> (Accessed on 19 May, 2020)

¹⁴ <https://thewire.in/diplomacy/at-his-first-nam-meeting-modi-raises-terrorism-fake-news-during-covid-19-pandemic> (Accessed on 20 May, 2020)

¹⁵<https://www.outlookindia.com/newscroll/us-and-india-must-develop-plan-to-counter-chinas-efforts-to-strengthen-its-position-in-indian-ocean/1848285> (Accessed on 20 May, 2020)

Also speaking of the past incidents, Pakistan has used natural disasters to expand terrorist infiltrations into Kashmir and India. Indian officials are concerned that Pakistan could use the COVID-19 crisis as a distraction to do the same. The report stated that Pakistan might seek relief from terrorism-related strictures on grounds that it needs monetary help to deal with the corona virus crisis. India is of the view now that China would try to infiltrate the financial help to Pakistan for the crisis, turning later in any action against India.

Conclusion

Former U.S. President Theodore Roosevelt once said that “Speak softly and carry a big stick; you will go far.” India, in the current scenario, should adopt this big stick ideology.

Diplomatic talks between India and China should take place so as to avoid standoffs. However, India could easily utilize the fury of multiple nations in its own interest, who have voiced their anger about global spread of Covid-19. USA has already started to warn China for facing consequences regarding the spread, that how China was not able to contain the virus within its boundaries.

Recently, Union Minister Dr. Harsh Vardhan was chosen as Chairperson of the executive board of World Health Assembly. As in the ongoing crisis, India has presented an extremely humanitarian face towards the world by exporting many necessary health supplies; this move was inevitable and more than welcomed by India. Likewise, India could use several international forums to create a tune of support in its national interests so as to outperform China over BRI and CPEC diplomatically. India’s participation in the recent NAM and SAARC virtual summit are definite indications towards this strategy.

India has been constantly monitoring the CPEC related activities, asking China to restrict its movement in the Indian region as giving clearance to CPEC to continue would undermine India’s sovereignty and bolster Pakistan’s claim to the disputed territory.

It would not be an exaggeration to say that in the post-pandemic world, most of countries would be looking towards India as a hard power as China loses its grip in international politics. Thus, for holding the scepter of Asian balance of power and stand in front-leading position in world order, India needs to adopt more aggressive policies.