

# CHINA-LED BRI AND ITS IMPACT ON INDIA WITH SPECIFIC REFERENCE TO CPEC

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## *Abstract*

*Given China's proactive international diplomacy today, it continues to make its presence felt in the region. The ambitious project of Belt and Road Initiatives (BRI) stands among the widest reaching of all other initiatives. It not only represents a renewed, stronger and better co-ordinated push to expand China's influence overseas but is also coupled with a domestic investment drive, in which nearly every Chinese province has a stake. BRI is a set of two outward-facing models introduced by the Chinese President Xi Jinping in 2013 to promote economic engagement and investment along two main routes: the New Silk Road and the Maritime Silk Route. The proposed countries under the BRI framework are close to 68 countries, with up to 40 per cent of the Global GDP (Griffiths, 2017). This article looks at four major issues. First, what comprises BRI and what it has for the partners in the project? Second, what does it mean for India with specific reference to China Pakistan Economic Corridor (CPEC)? Third, major concerns in BRI and CPEC. Finally, the article also discusses the available options for India reluctant to join BRI.*

**Keywords:** BRI, CPEC, China, India, Chabahar port

*'Strategy without tactics is the slowest route to victory.  
Tactics without strategy are the noise before defeat'.*

-Sun Tzu (544-496 BC)

## **Introduction**

China's move towards international diplomacy is embryonic. For past several years, it preferred to maintain a "low profile" at the global platform with its closed economy and strict media regulations. But, now, it has understood the importance of being an open economy and hence has sought to have bigger and prominent

role in the world order. Chinese companies have begun to move outside their home markets and are shifting to foreign territories, in the hope of finding new consumers for their market and new technologies. The Chinese President Xi Jinping is making all efforts to ensure the strengthening of China's position in the international forum. The Chinese government has promoted numerous high-profile joint projects with an intention to project China's presence globally and to develop closer ties with more countries. One of the main initiatives under this ambition is Belt and Road Initiative (BRI), that has an optimism to be among the widest-reaching of all other initiatives. It not only represents a renewed, stronger and better co-ordinated push to expand China's influence overseas but is also coupled with a domestic investment drive, in which nearly every Chinese province has a stake.

BRI revives an ancient trade route that once connected most of Asia to Europe and Africa - known as Silk Route. The idea of the new Silk Route, which was unveiled in 2013, is a step to revive the old channel and connect these countries with trade routes of both land and sea, through significant investments chiefly from China.

### **What Comprises of BRI and What it has for the Partners in the Project?**

BRI is a set of two outward-facing model introduced by the Chinese president in late 2013 to promote economic engagement and investment along two main routes, i.e. New Silk Road and the Maritime Silk Route. To date, reports suggest that the first route, the New Silk Road Economic Belt, will be westward overland through Central Asia and onward to Europe. The second route, as mentioned by the Ministry of Foreign Affairs and the Ministry of Commerce in PRC in March 2017, is the 21st-Century Maritime Silk Road probably loop south and westward by sea towards Europe, with proposed stops in South-east Asia, South Asia and Africa. The map below explains the two routes. The route linking Moscow, Istanbul, Tehran and further denotes the New Silk Road and the other line going through sea route is the Maritime Silk Route.



*Source: Google Images*

Although the project assured of opportunities for the domestic companies, the route is to be so smooth and fair in all respects. The proposed countries along BRI range from Singapore to Syria. The companies involved under BRI framework could be heading into territories that may be strategically important for China's foreign relations but challenging to navigate (EIU, 2015:11).

However, the geographical reach of the BRI initiatives is expected to be ambitious. Official Chinese media have indicated that up to 68 countries have already become members of the project. Besides its political objectives, BRI has a strategic focus on the government's "go out" initiative, which encourages Chinese firms to go abroad in search of new markets or investment opportunities. The BRI push is being led from the highest levels of the government, and involvement will run across several ministries. Even though China's approach is to open its market window for new consumers, its first priority is to gain regional connectivity projects. BRI is backed by substantial financial power. The government has launched a US\$ 40bn Silk Road Fund, which directly supports the BRI mission. The fund, which became active in February 2015, is backed by the China Investment Corporation (China's sovereign wealth fund), China Development Bank, the Export-Import Bank of China and the State Administration of Foreign Exchange (EIU, 2015:7).

With an initial focus on Central and Southeast Asia, the finances will be used to develop infrastructures and improve connectivity among the countries around the BRI. The focus will be mostly on railways, roads, airports and seaports.

According to state media, BRI covers nearly two-thirds of the world's population and one-third of global GDP (Campbell, 2017). The initiative is a departure from broader trends in Chinese outbound investment, which is increasingly being led by private firms. At least at the initial stage, China's state-owned enterprises (SOEs) and largest financial institutions—will be leading the charge. In its discussion of BRI, the national government work report encourages active involvement in overseas infrastructure investment and construction, such as through the export of equipment and machinery (EIU, 2015:5).

China has championed its initiative of Belt and Road Initiative (BRI) as an ambitious design for the region. However, till date, the project has been long on expression but it fails to gain the confidence of the members due to its fuzzy details. As Balding said the project is "more like a diplomatic effort for China to win friends and influence people," rather than a strictly economic program. Economist Intelligence Unit (EIU) believes that several implementation obstacles mean that the project is likely to fall short of its grand ambitions (EIU, 2015:7).

### **What does it Mean for India with Specific Reference to China Pakistan Economic Corridor (CEPC)**

While several countries became the part of massive Belt and Road Initiative (BRI) summit orchestrated by China, it was boycotted by India, the United States of America, Germany and other European countries. They have been reluctant to sign the deal, citing concerns that the draft of the document is highly in favour of Chinese firms to hijack the BRI projects without any room for a fair chance for Europe to participate in the projects.

For India, this is not just a matter of economics, but it has serious ramifications on the issues of its territorial integrity and security. It is because an economic corridor is in progress -- between two of its 'hostile' neighbours. It is known as China-Pakistan Economic Corridor (CEPC) which is central to the BRI project. The CPEC involves the construction of roads, railways and power plants. It directly links China to the Gwadar port to the southwestern coast of Balochistan

in Pakistan ashore the Arabian ocean, something Pakistan built with significant Chinese assistance. The BRI envisages significant additional investments in CPEC corridor.

It offers India two major reasons to worry. First, CPEC project passes through the Pakistan Occupied Kashmir, (PoK) a geography India claims to be its part. Secondly, Chinese currency flow to Pakistan will increase its economic and strategic influence on India's hostile neighbour, which means a win-win situation for Pakistan vis-a-vis India. BRI is not just an economic project, but through this China is also upholding its political control in the region.



Source: Google Images.

But, BRI seems to be a bigger challenge for India to safeguard its interest in the region. China's growing influence in Pakistan, with which India has fought four full-fledged wars since 1947, through the BRI and China Pakistan Economic Corridor (CPEC), is a major concern for India. It has made its stance clear when it boycotted the BRI meet and remained isolated internationally in opposing the project. But the fact is that there is a general agreement for the BRI from most countries, including many of India's neighbours. This backing was evident from the opening ceremony that was attended by the heads of 29 states, including Russian President Vladimir Putin, a close ally of India in past. Also, delegations

from over 100 countries were present at the ceremony. Most eastern countries are apparently excited with the prospect of mutual benefits in the future. China alone has promised to fork out \$124 billion for BRI. In other words, this money will go to projects in different countries along the corridor as loans from China and will, in turn, boost trade and employment for them.



Source: [www.economist.com](http://www.economist.com)

Out of three main areas of concern between India and China, India is most worried about the fact that the CEPC is being laid through PoK, apart from the other two being, China blocking India's admission to Nuclear Suppliers Group, (NSG) and the China's disinterestedness in supporting the UN ban on JeM leader Masood Azhar.

Apart from PoK, another neighbouring country of India, Nepal is seen warming up its relations with China at the different level. Nepal and China have agreed to revive the old silk route that runs from Lhasa to Kathmandu. China plans to connect Nepal to Eurasian Transport Corridor. For the same, in 2014, Nepal signed a four-point document. The old Silk Road built approximately 2000 years ago was a complex set of connections of routes for trade that endorsed economic, political, and cultural exchange all over Asia, Africa, and Europe (Mingkang and Wenzhi, 2016). Due to this project, the Nepalese Government and the economy

of the country are to be benefiting the most in South Asia region as it is directly connecting Nepal to Eurasia for trade and commerce unlike previously when all the trade used to take place via New Delhi. This has further caused a jerk to India’s diplomatic relations with Nepal leaving India on a back foot.

It is seen by the scholars all around as the step to debunking US policy of “Asia Pivot” doctrine to counter rising China. With this project, China aims to build its trade relations and expand beyond Europe and link eastern world with the western world.

China’s strategic infrastructural growth in the South Asian region is referred as the ‘New Great Game’ by the former foreign secretary of India S. Jaishankar while Indian diplomats consider it as Beijing’s intention to influence the neighbourhood. There is the presence of strategic mistrust. Pakistan is another factor for the presence of anxiety in the Indian decision-makers. CEPC which is likely to link Kashgar with the Port of Gwadar in Balochistan that runs through PoK, which is again a bone of contention. Even though China has been cajoling India to join the new silk route project, India has been reluctant.



Source: Google Images

**BRI and CPEC and Some Major Concerns.**

BRI project has raised some serious questions in the mind of the members of ASEAN group as well. Therefore, despite being of large-scale and having immense scope, the Maritime Silk Road project is not able to gain the confidence of others. Some of the reasons have been discussed in the following section.

First, though China trying hard to show it as a commercial venture, it does have some military relevance to it due to the large-scale maritime infrastructure development and connectivity of the Indian Ocean and the Western Pacific.

Secondly, the lack of firm plans and fixed timelines then creates doubts in prospective investors and participating countries.

Thirdly, with the consistent territorial disputes and sovereign jurisdiction over the South China Sea and the East China Sea, Beijing's expectation of a full access to the region to create an entire infrastructure corridor in a disputed maritime space appears to be alerting to the countries.

Fourthly, many countries have microeconomic risk owing to exchange rate, non-diversified untenable economic structure, as well as governance failure due to corruption and several failed attempts at executing the reforms.

Fifth, the risk of natural disaster which is omnipresence due to climate change, there are several environmental reports on the case of Karakoram Highway (KKH) and it is feared that any construction taking place on that stretch may invite some unwanted stress on the nature causing flood, landslides, earthquakes and threat to the flora and fauna of the region along with other environmental degradation and rehabilitation concerns.

Sixth, there are multifaceted and varied laws, rules and regulations influencing the business policies of each country which may not coincide with the terms and conditions of the BRI projects.

Seventh, the majority of the population in Xinjiang Uyghur Autonomous Region (XUAR) are Muslims, which is geographically closer to the Federally Administered Tribal Areas (FATA) and it is likely to enhance the mobilisation of

separatists to Uyghur movement which will find Muslim sympathisers and have the possibility of obstructing the development and progress of the BRI project and become a cause of threat for other member countries as well.

Eighth, the CEPC and infrastructure development also manifest in terms of tactical threat to Ladakh areas. It provides well-developed infrastructure connectivity to Shaksgam Valley and threat manifesting from that direction. China is apprehending to threaten Siachen and SSN to have connectivity to Shaksgam Valley from its Western highway.

Finally, some of the challenges that are faced by China-led BRI are various. First, the insight, course of action and execution to date do not motivate trust in BRI as a participatory and collaborative venture. The one-sided ideation and assertion — and the lack of transparency — further weaken any seriousness towards a project which talks about an Asian entity and economic unity.

The second conflicting issue is Beijing's desire for committing its political capital to the project. While for obvious reasons the Chinese do not want to be seen as showcasing their military and political presence along BRI, it seems clear that China is willing to endorse security through a collaborative framework.

The third challenge deals with the success of the project itself given that the Chinese document talks about different layers of connectivity: policy-level, physical-level, economic-level, financial-level and human-level. While no developing country will deny the offer of infrastructural development that too is financed by the Chinese, they may not be equally enthusiastic about the bunch of rules that comes with the offer.

Finally, how can this initiative navigate the conflicting geometries of South Asia that prevent India from providing full backing to BRI? Hypothetically, a formal nod to the project will serve as a de-facto legitimization to Pakistan's rights on Pakistan-occupied Kashmir and Gilgit-Baltistan under the China-Pakistan Economic Corridor (CPEC) that is "closely related" to BRI and India be accepting Gilgit-Baltistan as an integral part of Pakistan and at the very moment it will have to withdraw its forces from J&K region and it would be more like a war scenario affecting economy and security of the entire nation. The whole Kashmir issue

will be revoked at the international level apart from the regular mention of it by the Pakistani ambassadors to UN.

Thus, it is more than logical and vital for India at this stage to check China's growing influence by gaining approval and trust of major global powers such as Germany and other major European countries. Europe's face off with Trump's U.S. and the region's apprehensions on BRI's fine print offers a golden opportunity for India to strengthen its strategic ties with the region. Already, India does not have a friendly relationship with China, which came to fore with the recent standoff at Doklam and China subsequently renaming six places in Arunachal Pradesh.

Therefore for India, it is suggested that the sales pitch of shared economic gains does not conceal the real purpose of BRI ensuring the security of sea lines of communications in the Indian and Pacific oceans. The BRI could end up creating Chinese logistics in the Indian Ocean linking already existing Chinese infrastructure around the Indian Ocean.

Peter Cai in his article quotes Rajni Bakshi, a senior Gandhi Peace Fellow from Mumbai's Gateway House, who has argued that Beijing has to co-design the new Silk Road with India for it to have any chance of success. If the Chinese government wants to address the trust deficit and get a larger buy-in from Indians, it will have to engage Delhi in designing and implementing "One Belt, One Road" (Cai Peter, 2016).

Fundamentally, New Delhi needs to go through the series of self-assessment whether BRI is really a threat or an opportunity. BRI is a product of the Chinese ambition of political expansion and economic ambitions. India needs to be firm in its reasoning while responding to the proposed project, by utilising the opportunity to utilise the interests of China in including India in this project. However, it will largely depend on the institutional agency and strategic imagination India is able to bring to the negotiating table (Saran and Passi, 2016).

### **Option for India.**

The medieval traveller Al Beruni has described the Chabahar port, translated as "four springs", as the access point to the Indian subcontinent. Because, as far as economic trade is concerned, India should not worry as it is already a partner

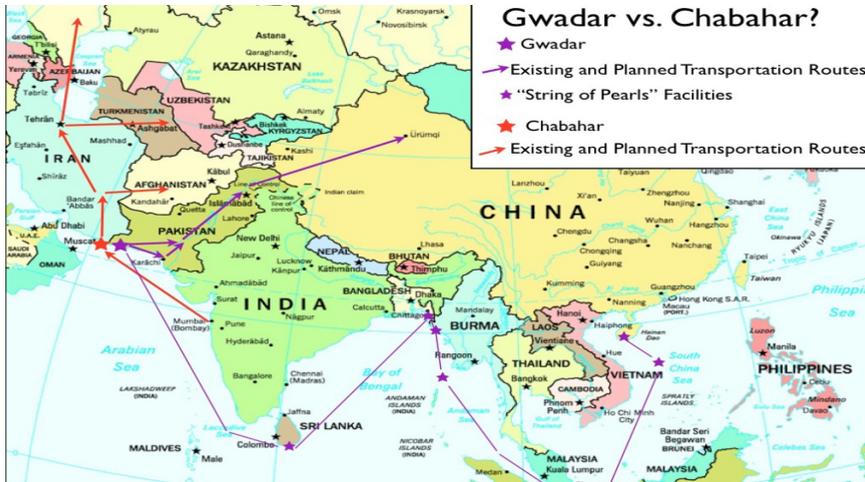
in the Chabahar project which connects India to Russia, Europe, Central Asia, entering into Afghanistan without the Pakistani assistance, and moreover allow India to be part of North-South Transport Corridor. The map as shown below, the North-South Transport Corridor (NSTC) greatly reduces shipping distance for Indian Goods to Central Asia.



Source: [www.thetalkingindian.com](http://www.thetalkingindian.com)

Chabahar project allows India to bypass Pakistan, which blocks its access to Afghanistan and Central Asia. On their part, Indians are aware of its strategic location and its potency for opening a route to Afghanistan and Central Asia. Apart from the support of Iran and Afghanistan, India has been receiving encouragement from Japan on the Chabahar project. Both India and Japan prefer to have a strategic alliance in Chabahar as it allows the landlocked countries of Central Asia to find an alternate route far away from ports that are dominated by the Chinese like the Gwadar port. The Chabahar is said to be the best entry point to connect three continents: Asia, Europe and Africa. India must move swiftly to grab the opportunity that Iran is offering to not just explore the land route to Central Asia, but also to connect with the trans-shipment road corridors that Iran is building to reach out to Europe the International North-South Corridor is one of them (Kapoor, 2017). In fact, Chabahar, in many ways, is better than

Gwadar. It is a deepwater port that is connected to the land and the mainland. It has access to international waterways in the Indian Ocean and has a moderate climate. To reiterate, it is the best route to transfer goods to Afghanistan. It has off-coast facilities that are linked to the provinces of Sistan, Baluchistan, Kerman and Khorasan. Besides, due to its geographical location and its proximity to neighbouring countries (the Indian port of Mundra is 900-odd km away) which have great markets and political stability, the Chabahar free zone has enormous potential to host large industries through joint foreign and domestic investments (Kapoor, 2017).



Source: [www.defenceforumindia.com](http://www.defenceforumindia.com)

Apart from an economic perspective, India should understand that the Iranian authorities are more than interested to get India to be part of the Chabahar project. If given a chance, this project can prove to be more stable and rewarding for India than the BRI. One of the reasons for saying this can be the security factor which is compromised in CEPC as there is a significant security risk involved with Pakistan having a security control in the bordering area with India.

Contrarily, if India becomes a member of BRI project then indirectly India will be acknowledging the China Pakistan Economic Corridor (CPEC), which runs through Pakistan Occupied Kashmir, it will bring China into the disputed area

between India and Pakistan. Also the much-disputed water of Indian Ocean will witness some significant influence of China in the region in the name of Maritime Silk Route (MSR) challenging India's foreign policy narrative.

Therefore, to begin with, India needs to reflect upon its ambition commensurate with its capacity that makes it the only net security provider in the Indian Ocean Region (IOR). To achieve this status of being a net security provider in IOR, New Delhi needs to overcome its shortcoming to not being able to take decisions with regard to defence partnerships and procurement.

Arguably, BRI offers India another political opportunity. There appears to be a degree of Chinese fervour to seek Indian government's partnership in the project. Can India try to find alteration of the CPEC by Beijing in return for its active participation? In fact, for maintaining the diplomatic balance in a South Asian stretch of BRI, can Beijing be encouraged to become an influential interlocutor by ensuring rational behaviour from Islamabad? BRI can prove to be a prospective new track for India to project its strength in the South Asian region.

Another option that India should look at is the pursuance of its own Look East Policy from the Bangladesh point of view; it can give a launch pad for the South Eastern Corridor which could be similar to the CPEC which shall connect Indian quadrilateral to the economic powerhouse of South East Asia through Myanmar. Further India draws the attention of International bodies with regard to the Human Rights violation in PoK and takes the support of the activists who are in consensus with India. And bring all the anti-Chinese development countries onboard and pressurize China to agree on the consensual terms of the agreement in the disputed areas of the project.

### **Conclusion**

India should, therefore look up to these realities before agreeing to join the project and also determine its geopolitical interests in the Indian Ocean region which could pose serious security challenges to India. It must measure all the loss and gain before joining the initiative because it might look lucrative and promise several economic benefits but at the same time it appears to be demanding many compromises and threatens India's interests. India's decision of not joining the Border Road Initiative (BRI) till China attends to this objection over Gilgit-

Baltistan is understandable. In fact, the decision of India not attending even as an observer has closed the option of discussion till the above-mentioned problem is not addressed. However, an interesting point to make here is that even though countries like the U.S. and Japan, which are not even part of the BRI, have sent their officials to witness the proceeding. It can be viewed as a strategic move to keep an eye on China. Learning from these countries India should send its observers to the meetings and conferences on BRI, in order to gauge the plans of China.

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