

# India's Approach to China's Belt and Road Initiative—Opportunities and Concerns

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## Abstract

China's Belt and Road Initiative (BRI) as a geoeconomic vision and geopolitical strategy is closely watched and scrutinised by Indian economists, diplomats, and strategists. Perspectives on India's approach to the BRI can broadly be classified into three—the optimist, the sceptic and the cautionary. Whereas, economists generally appear optimistic, there is a sense of uneasiness within India's strategic community that the BRI represents much more than China's ambition to emerge as an economic leader in the region. This article argues that India's approach to the BRI has largely been pragmatic, cautious and complex. Accordingly, India has taken an atomistic approach to the various components of the BRI depending on its security and economic needs, which explains why on the one hand India has become increasingly receptive of the Bangladesh-China-India-Myanmar Economic Corridor (BCIM EC) and on the other continues to publicly oppose the China-Pakistan Economic Corridor (CPEC).

## Keywords

Belt and Road Initiative – India – bilateral cooperation – pragmatism – China-Pakistan Economic Corridor – Bangladesh-China-India-Myanmar Economic Corridor – Asian Infrastructure Investment Bank – Maritime Silk Road

## 1 Introduction

The Belt and Road Initiative (BRI) is often described as a mega construction project comprising roads, ports and bridges, and as a grand connectivity plan integrating physical territory, cyberspace and financial arena covering several countries with China at its heart. The BRI has two main components: the land component, China's Silk Road Economic Belt (SREB) and the Maritime Silk Road (MSR) that proposes to link China's coast with South East Asia, the Indian Ocean, the Arabian Sea, Africa extending to Europe.<sup>1</sup> From an economic point of view, the BRI is a grand plan that is seen as China's response to the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) and one that aims to place China as the world leader<sup>2</sup> surpassing the United States (US). It aims to tackle China's manufacturing surplus and provide an impetus to the economic growth of backward regions in China. From a diplomatic point of view, the BRI is one of the pillars of China's grand diplomacy featuring two pillars and one circle (peripheral diplomacy).<sup>3</sup> The BRI can also be viewed as China using its infrastructural, intellectual and financial advantage to forge stronger diplomatic ties with certain capital-importing countries. From a strategic point of view, the BRI seeks to break through China's security dilemma, assume the responsibilities of a major country and reflect its soft power in the international community.<sup>4</sup> China shares its borders with several countries and an initiative connecting its neighbourhood and beyond enables it to achieve its economic, diplomatic and strategic goals effectively and efficiently.

Internationally, the BRI is viewed through three different lenses—utilitarian, pragmatic and revisionist.<sup>5</sup> Some countries adopt a utilitarian view of BRI and assess it as an economic necessity required to balance China's manufacturing surplus. Some view it through a pragmatic lens emphasising on BRI's potential to bring in economic development (with large investments being made in building infrastructure) in their respective territories. Some commentators

1 Richard W. Hu, "China's 'One Belt One Road' Strategy: Opportunity or Challenge for India?," *China Report* 53: 2 (2017): 108. doi: 10.1177/0009445517696619.

2 Shirin Lakhani, "The China-Pakistan Economic Corridor: Regional Effects and Recommendations for Sustainable Development and Trade," *Denver Journal of International Law and Policy* 45 (2017): 418.

3 Yongnian Zheng and Chi Zhang, "The Belt and Road Initiative and China's Grand Diplomacy and Its International Significance," *The Contemporary World*, (February 2016): 10.

4 Ibid.

5 Atul Bhardwaj, "Belt and Road Initiative: An Idea Whose Time has Come," *China International Studies* 64 (2017): 101.

claim that India views the BRI through the revisionist prism wherein surplus Chinese capital is seen merely as a tool to strategically encircle its neighbours.<sup>6</sup> India's refusal to participate in the first and second 'One Belt One Road' (OBOR) Forums has been interpreted as India being against the BRI. This article argues that India's approach to the BRI has largely been pragmatic, cautious and complex. Accordingly, in practice, it has refrained from taking an overall singular position on the BRI and instead taken an atomistic approach to the various components of BRI depending on its economic and security needs, which explains why on the one hand India has become increasingly receptive of the Bangladesh-China-India-Myanmar Economic Corridor (BCIM EC) whereas on the other continues to publicly oppose the China-Pakistan Economic Corridor (CPEC).

The article is organized as follows: Section 2 briefly explores Indo-Sino bilateral relations since India's independence to give a background to understanding India's approach to the BRI. Section 3 explains India's approach to the BRI, its opposition to the CPEC, its approach in relation to the BCIM EC, MSR, and the Asian Infrastructure Investment Bank (AIIB) and discusses why India should consider participating in the BRI instead of sitting on the fringes. Section 4 discusses why India's position on the BRI matters and how China can benefit by taking Indian sensitivities on board. Section 5 concludes the article.

## 2 Indo-Sino Bilateral Relations

India's multipronged approach to the BRI can be appreciated in the backdrop of China-India bilateral relations. China-India bilateral relations are complex with both competitive and cooperative elements.<sup>7</sup> Bilateral dynamics are also affected by their respective relationships with third countries.<sup>8</sup> Events such as the 1962 Indo-China War significantly affected the level of trust and till the beginning of this century there was an enduring sense of mistrust between the two countries.<sup>9</sup> The dawn of the 21st century, however brought light to the Indo-Sino bilateral relations. Significant border agreements have been signed since the beginning of this century. The 2013 visit of Chinese Premier Li Keqiang led to both countries signing a series of agreements pertaining to

6 Ibid., at 103.

7 Lan Jianxue, "Indian Diplomacy and a New Era of Sino-Indian Relations", *China International Studies* 54 (2015): 117.

8 For example, US closeness to India and Pakistan's closeness to China affects India-China bilateral ties.

9 Richard W. Hu, above, n. 1 at 115.

exports and investments. President Xi Jinping's visit to India in October 2013 and in September 2014 provided further impetus to the economic relationship between both countries. In September 2014, President Xi Jinping used "three partnerships" to chart the future relations between the two countries observing that they should be closer development partners, cooperative partners in economic growth and global partners in strategic cooperation.<sup>10</sup> With Prime Minister Modi's visit to China in 2015, bilateral ties appeared to be moving in a positive direction between the two Asian giants.

In 2015 however, Pakistan released Zakiur Rehman Lakhvi, a suspect in the 2008 Mumbai terrorist attack following which India requested the United Nations Security Council (UNSC) to impose sanctions on Pakistan in accordance with the UNSC resolution 1267.<sup>11</sup> China did not agree to the proposal. Again, in January and September 2016, there were two terrorist attacks in India believed to be masterminded by Pakistan. In 2016, China again put on hold India's proposal to include Masood Azhar, leader of Pakistan-based Islamist group Jaish-e-Mohammed (JeM) in the UNSC's sanction list, thereby reinforcing the belief that China-Pakistan axis is detrimental to India's interests.<sup>12</sup> After years of diplomatic gymnastics and yet another attack by JeM in 2019 in India, China finally dropped its objection. The fact that China is often referred to as the "all-weather friend" of Pakistan fuels India's apprehensions.

Bilateral ties between the two countries are also affected by their respective relationships with the US. In April 2016, the US Consul-General in Calcutta reportedly told the Indian media that Arunachal Pradesh (a north eastern territory in India which is disputed by China) was an integral part of India<sup>13</sup> which was followed by the US Ambassador flying to the disputed Tawang region along with the Indian Minister of State for Home Affairs. In October 2016, the Chief Minister of Arunachal Pradesh met Dalai Lama and invited him to visit Tawang much to China's annoyance.<sup>14</sup> His visit further fuelled Chinese anxieties.<sup>15</sup>

10 Lan Jianxue, above, n. 7 at 118.

11 Lin Minwang, "New Trends and Challenges in China-India Relations," *China International Studies* 66 (2017): 101.

12 Ibid.

13 See generally "China irked by US official's remark that Arunachal is an integral part of India" (IBI Times, May 2016) <https://www.ibitimes.co.in/china-irked-by-us-officials-remark-that-arunachal-integral-part-india-677424>.

14 Lin Minwang, above, n. 11 at 99.

15 Chinese Foreign Ministry spokesperson pointed out that "Arranging his activities in this sensitive area where China and India have territorial disputes not only violates India's commitment on Tibet-related issues, but also fuels the border dispute.... The Chinese side will take necessary means to defend its territorial sovereignty and legitimate rights and

It is also apparent that US has since long construed India and China in Manichaeian terms by praising India's emergence to balance China's aspirations in order to contain it.<sup>16</sup> The predominance of US viewpoints (in India) on issues like Tibet, South China Sea and CPEC<sup>17</sup> makes China wary of India. There is a general belief that India is ideologically inclined towards US and strategically can be used against China, as US nuclear-powered, armed vessels lurk in the Indian Ocean Region. The US-India partnership makes it difficult for China to challenge American leadership in Asia.<sup>18</sup>

Despite third party influences, there are cooperative elements to this relationship. In February 2016, China and India held their first round of maritime cooperation dialogue. In September 2016, both countries held their first security dialogue on anti-terrorism. In October 2016, the 4th China-India strategic economic dialogue was held in India and the two sides signed the Statement of Principles on Capacity Cooperation (between China's National Development and Reform Commission (NDRC) and India's Transformation Commission), the Action Plan on Internet Cooperation (between China's NDRC and India's Ministry of Information and Electronics).<sup>19</sup> It is also interesting to note the innovative cooperation at state-provincial level through the India-China State/Provincial Leaders' Forum (ICSPL Forum) which envisages the novel idea of cooperative and competitive federalism in the international sphere. The State/Province agreements<sup>20</sup> signed between the Indian state of Karnataka and the Chinese Province of Sichuan along with agreements between Chennai and Chongqing, Hyderabad and Qingdao, Aurangabad and Dunhuang have paved the way for future cooperation.

While both countries continue to work together in the Brazil, Russia, India, China and South Africa (BRICS) association, the Shanghai Cooperation Organisation, the Regional Comprehensive Economic Partnership (RCEP) and also with the US, European Union (EU) and in international organisations such as the World Trade Organization (WTO) and the United Nations (UN), bilateral relations are sometimes frayed.<sup>21</sup> China's and India's aspirations

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interests" cited from Lin Minwang, "New Trends and Challenges in China-India Relations," *China International Studies* 66 (2017): 99.

- 16 Xu Jian, "China's Major-Country Diplomacy and Sino-Indian Relations," *China International Studies* 70 (2018): 52.
- 17 Atul Bhardwaj, above, n. 5 at 106.
- 18 Lan Jianxue, above, n. 7 at 115.
- 19 Lin Minwang, above, n. 11 at 94.
- 20 Patricia Uberoi, "Problems and Prospects of the BCIM Economic Corridor," *China Report* 52: 1 (2016): 34.
- 21 Marko Juutinen, "Kautilyan foreign policy analysis: Sino-Indian dynamics in South Asia and the Indian Ocean Region," *Journal of the Indian Ocean Region* 14:2 (2018): 216. doi: 10.1080/19480881.2018.1472859.

collide in the Indian Ocean and Asia-Pacific region in an unprecedented way.<sup>22</sup> Strategically, India is constantly alert in its interaction with China, but in other areas seeks active Chinese cooperation in bilateral and multilateral occasions.<sup>23</sup> Some of the other concerns between both countries are the BRI's CPEC, India's membership to the Nuclear Suppliers Group (NSG).<sup>24</sup> Given this variegated bilateral relations, India's approach to the BRI has been pragmatic, cautious and reticent<sup>25</sup> whilst trying to balance sensibility and sensitivities. Sensibility demands that India acknowledges the rising China and its growing influence in shaping India's geo-political and geo-economic landscape and sensitivity demands that India also remains cautious of BRI for its implications on national security.<sup>26</sup>

### 3 India's Approach to the BRI

The BRI envisages a number of economic corridors which includes the Bangladesh-China-India-Myanmar (BCIM) Corridor, the China-Indochina-Peninsula (ICP) Corridor, the China-Central-West (CAWA) Corridor, the New Eurasian Land Bridge (NELB), the China-Mongolia-Russia (CRM) Corridor, the China-Pakistan Economic Corridor (CPEC) and the Maritime Silk Route (MSR). India is/shall be directly affected by the creation of at least four of these namely, the BCIM, ICP, CPEC and the MSR.

In the mainstream media, developments relating to the BRI have often been phrased in dismissive and negative semantics and it is not uncommon to see news reports with headlines such as "India refuses to endorse China's Belt and Road Initiative"<sup>27</sup> or "China fails to win India round to Belt and Road Initiative ahead of Modi's meeting with Xi".<sup>28</sup> Perspectives on India's approach to the BRI can be broadly classified into three—the optimist,<sup>29</sup> the sceptic

22 See generally Luo Jianbo, "India's Major Concerns about China and the Future of China-India Relations," *Contemporary International Relations* 27, no. 4 (2017): 89–101.

23 Lan Jianxue, above, n. 7 at 117.

24 Luo Jianbo, above, n. 22 at 91.

25 Richard W. Hu, above, n. 1 at 115.

26 Ibid.

27 See India refuses to endorse China's Belt and Road Initiative (The Hindu, June 2018) <https://www.thehindu.com/news/national/india-refuses-to-endorse-chinas-belt-and-road-initiative/article24128902.ece>.

28 See China fails to win India round to Belt and Road Initiative ahead of Modi's meeting with Xi (South China Morning Post, April 2018) <https://www.scmp.com/news/china/diplomacy-defence/article/2143152/china-fails-win-india-round-belt-and-road-initiative>.

29 See generally Jeremy Garlick, "If You Can't Beat 'em, Join 'em: Shaping India's Response to China's 'Belt and Road' Gambit," *China Report* 53:2 (2017) 143–157.

and the cautionary. The optimist perspective comes from those commentators who see the BRI as an opportunity for India to explore. This group of commentators are confident that in the long run India will see the economic benefits of the BRI and “fully converge to incorporate the BRI”.<sup>30</sup> This group calls for more of Indian participation in the BRI, since the independent transport systems of China and India will inevitably intersect and interconnect<sup>31</sup> with one another in the future. The optimists argue that since India “can’t beat” China, a more prudent approach therefore is for India to “join them”. They argue that the BRI with its precise economic focus does not create a direct conflict of interest. The economic gains accruing for Pakistan certainly does not create a conflict of interest for India if India can employ its capacities to gain equal or greater return from the BCIM EC and the same logic applies to the economic implications of the MSR too.<sup>32</sup> Their argument primarily rests on the presumption that an active participation will allow India to possibly influence at least those policies pertaining to the BRI that concerns itself. Some commentators in this group also believe that cooperation in the BRI will open up avenues for cooperation in other areas such as security and in non-traditional security areas such as food, water, energy security and common concern over environmental protection and climate change, to reform the current international economic order.<sup>33</sup> They also downplay the strategic concerns particularly, as Chinese discourses about the BRI emphasise on cooperation and multilateralism.

The sceptic perspective comes mostly from strategists who warn that the BRI is a Chinese attempt to seek hegemony over the Indian Ocean Region and as such India should be wary of the BRI.<sup>34</sup> There is a sense of uneasiness or even suspicion within India’s strategic community that the BRI represents much more than China’s ambition to emerge as an economic leader in the region. It views the road construction and port building initiatives as India’s strategic encirclement<sup>35</sup> with significant diplomatic and military repercussions. The sceptics argue that the BRI proposals may not be as peaceful as

30 Rupak Sapkota, “Nepal in the Belt and Road: New Vista on Building a China-India-Nepal Economic Corridor,” *China International Studies* 67 (2017): 121.

31 Gan Juxian, “The Belt and Road: Will Chinese Dragon and Indian Elephant Walk Separately or Tango Together,” *China International Studies* 53 (2015): 83.

32 Marko Juutinen, above, n. 21 at 221.

33 Richard W. Hu, above, n. 1 at 108.

34 Gan Juxian, above, n. 31 citing Claude Arpi, *Silk Road: India Needs to be Wary*, 9 September 2014.

35 Lucio Blanco Pitlo III and Amruta Karambelkar, “India’s Perception and Response to China’s ‘One Belt, One Road’ Initiative: Views From Indian Mainstream Media” (Wiley Online Library, October 2015) <https://onlinelibrary.wiley.com/doi/full/10.1111/aspp.12214>.



they seem<sup>36</sup> and support maintaining distance from actively engaging in the BRI. They argue that a rising China and its plan for hegemony would reduce India into a minor country in the region.<sup>37</sup> This group of commentators view the Lhasa-Rikaze Railway extension to Nepal in the backdrop of China's ever expanding military plan<sup>38</sup> and claim that the increasing presence of Chinese military in the South China Sea, the Indian Ocean, ports of Gwadar and the military applicability of the roads and railway network in Himalaya and Tibet will threaten India's security in the region.<sup>39</sup>

The cautionary perspective comes from commentators who argue for a more nuanced Indian participation in the BRI. They advocate India's participation in the BRI to gain economic advantages it has to offer but at the same time support the idea of using India's other international partnerships strategically to hedge against the rising China.<sup>40</sup> This view argues for a multilateral engagement with BRI instead of seeking to contain the BRI's economic, military and political implications.<sup>41</sup>

Whilst the above highlight the different perspectives put forth by commentators, in practice, India has adopted a cautionary, pragmatic, complex and multi-layered<sup>42</sup> approach to the BRI. Accordingly, it has taken an atomistic approach to various components of the BRI keeping in mind its own economic and strategic requirements. On one side India refrained from attending the first and second BRI Forum (held in Beijing in May 2017 and April 2019 respectively) despite invitations from China.<sup>43</sup> Statements made by the then Foreign Secretary of India in the early years after the formal announcement of BRI also

36 Ibid., citing Kanwal Sibal, "China's Maritime 'Silk Road' Proposals Are Not as Peaceful as They Seem," February 26, 2014, <http://www.indiandefencereview.com/chinas-maritime-silk-road-proposals-are-not-as-peaceful-as-they-seem>.

37 Ibid., citing Neeta Lal, "Trade Ambitions Shadow Annual India, China Defense Talks," *South China Morning Post*, 7 April 2015.

38 Ibid., at 76.

39 Marko Juutinen, above, n. 21 at 216.

40 Yang Rui and Wang Shida, "India and the Indo-Pacific Strategy Vision: Orientation, Involvement and Limits," *Contemporary International Relations*, 2018: 53–68.

41 Marko Juutinen, above, n. 21 at 218.

42 Lan Jianxue, above, n. 7 at 117.

43 Subrahmanyam Jaishankar, the then Foreign Secretary of India reiterated "They have extended an invitation to the government to participate in the summit. We are examining the matter. The fact [is] that China Pakistan Economic Corridor is part of [BRI]. CPEC violates Indian sovereignty because it runs through Pakistan-occupied Kashmir.... We were very frank with them in sharing what our concerns were and we share it in public. But the issue for us is a sovereignty issue". See Harsh V. Pant and Ritika Passi, "India's Response to China's Belt and Road Initiative: A Policy in Motion," *Asia Policy*, 24:1: 88–95.



reflects a broad opposition (or ambivalence) to the BRI.<sup>44</sup> Furthermore, India actively cooperates with its other international partners to reap the economic benefits of regional connectivity and yet maintain its strategic dominance distinct from China. Internationally, India has also been promoting other initiatives and international cooperation such as the Bangladesh, Bhutan, India, Nepal (BBIN) cooperation, Indo-Pacific strategy, the Quadrilateral Security Dialogue and Asia-Africa Growth Corridor (AAGC) to balance China's rise in the region. The BBIN cooperation aims to strengthen connectivity, security by isolating Pakistan and offsetting the rising Chinese influence in the South Asian region.<sup>45</sup> The BBIN is arguably India's answer to the BCIM EC and proposed CNIEC (China-Nepal-India Economic Corridor).<sup>46</sup> By seeking new avenues for regional and sub-regional cooperation, and promoting its Neighbourhood First Policy, India seeks to further its strategic aspirations and respond to the growing influence of the BRI.

Beyond its immediate neighbourhood, India's alliance with US, Japan, Australia aims to achieve similar objectives. In 2017, the Trump administration presented its vision for an Indo-Pacific strategy replacing "Asia-Pacific" with "Indo-Pacific" in policy papers presumably to enhance India's geopolitical significance to counter the rise of China.<sup>47</sup> In the field of security, India has strengthened its cooperation with US, Japan, Australia (known as the "Quad") for the Quadrilateral Security Dialogue to counter China's rise. The AAGC, a brainchild of India and Japan focuses on four fields<sup>48</sup> namely, development and

44 India's stand in relation to the BRI can be discerned from public statements made by Subrahmanyam Jaishankar, the then Foreign Secretary of India. In 2015 at the International Institute for Strategic Studies Fullerton Lecture, Professor Kanti Bajpai posed the question to the Indian Foreign Secretary seeking an answer to India's reluctance to get involved in the BRI. Responding to the query Mr. Jaishankar answered, "Where we are concerned, this is a national Chinese initiative. The Chinese devised it, the Chinese created a blueprint. It wasn't an international initiative that they discussed with the whole world or the countries which in some way or the other have an opinion or are affected by it. So if there is a national initiative and a country is going ahead with implementing a national initiative, it is not incumbent on other countries to necessarily buy it because a national initiative is devised with a national interest and international or regional initiative has other interests which are reconciled into that. So, where we stand is that if this is something on which they want a larger buy-in, then they need to have larger discussions, and those haven't happened". See IISS Fullerton Lecture—India, the United States and China, <https://www.youtube.com/watch?v=et2ihw8jHaY>.

45 Wu Zhaoli, "India's Promotion of BBIN Sub-Regional Cooperation: Aspirations and Challenges," *China International Studies* 64 (2017): 85.

46 *Ibid.*, at 91.

47 Rui and Shida, above, n. 40 at 54.

48 *Ibid.*

cooperation projects, high quality infrastructure and connectivity, enhancement of relevant capabilities, people-to-people exchanges and cultural ties, closely resembling the five broad areas of BRI's official policy namely, policy coordination, facilitating connectivity, unimpeded trade, financial integration and people-to-people bonds.<sup>49</sup> Released just ten days after Beijing hosted the BRI Forum, the AAGC arguably is directed against the BRI. As highlighted by the Observer Research Foundation (ORF), the AAGC offers a "benevolent alternative" to the BRI.<sup>50</sup> On the other side however, India has been warming up to proposals of those corridors that are likely to positively impact its economic development with Prime Minister Modi observing that certain projects are being pursued "jointly" with China. Accordingly, it is helpful to analyse India's stance on the different initiatives under the BRI separately to better understand India's complex approach.

### 3.1 *India and the CPEC*

The idea of CPEC was first conceived in 1993 when Zhu Rongji, China's Vice Premier requested Shahid Javed Burki, the then Director of World Bank's China operations to help China develop a corridor for trade and tourism.<sup>51</sup> Since China had already built the Karakoram Highway (KKH) to open up the Xinjiang Province to its Western neighbours for trade, both countries explored the possibility of turning KKH into a major economic and energy corridor. In November 2003, both countries signed a Joint Declaration of Cooperation to promote trade and economic development. The Declaration established the China-Pakistan Joint Committee on Economic, Trade, Scientific and Technological Cooperation (JEC) and in 2006, the Pakistan-China Free Trade Agreement was signed. But it was not until 2013 when the CPEC process kick started. The then Pakistani Prime Minister Nawaz Sharif's visit to Beijing materialised in the signing of the Memorandum of Understanding (MoU) for developing the 2000-kilometre energy and economic corridor. With President

49 "China's 'One Belt, One Road' Initiative: An ESCAP Report", *Population and Development Review* 43 (3) (September 2017): 583–587.

50 Rui and Shida, above, n. 40 at 62 citing an article by the ORF titled "Is Asia-Africa growth corridor the answer to China's BRI?" <https://www.orfonline.org/expert-speak/is-asia-africa-growth-corridor-answer-to-chinas-bri/>.

51 Prakash Panneerselvam, "Maritime Component of China-Pakistan Economic Corridor (CPEC): India-China Competition in the Arabian Sea," *Maritime Affairs: Journal of the National Maritime Foundation of India*, 13:2 (2017), 40, doi: 10.1080/09733159.2017.1412577.

Xi Jinping's visit in April 2015, 51 agreements, MoUs, financing contracts were signed which signalled the beginning of what is now formally called the CPEC.<sup>52</sup>

There are many reasons for India's opposition of the CPEC. The first and the most important being that CPEC (which aims to connect Kashgar in China's Xinjiang Province with Gwadar in Pakistan) passes through an area<sup>53</sup> disputed between India and Pakistan. India considers Gilgit-Baltistan as a part of the princely state of Jammu and Kashmir which was acceded to India.<sup>54</sup> China-Pakistan collaboration in this area is seen by India as impinging on its sovereignty and territorial integrity.<sup>55</sup> Despite Chinese attempts to assuage India's anxieties by making reassurances in official statements, China's stand on the CPEC makes it appear pro-Pakistan and hence by default anti-Indian interests. During the Raisina Dialogue (2016) hosted by the India's Ministry of External Affairs and the ORF, the then External Affairs Minister, Minister of State and Foreign Secretary of India all made references to the connectivity projects (without explicitly mentioning China) highlighting that a unilateral approach in connectivity projects in Asia would deepen the divide between nations.<sup>56</sup> In the second Raisina Dialogue in 2017, Prime Minister Modi also highlighted that both countries needed to show sensitivity and respect for each other's core concerns.<sup>57</sup>

The second reason for India's opposition to the CPEC is the perception or belief that China's motivation for having a sustained presence in Pakistan is more geopolitical than geo-economic.<sup>58</sup> Whereas the CPEC is dubbed as a "corridor of opportunity" in Pakistan, some believe that the CPEC will evolve China-Pakistan strategic cooperation into a bilateral military alliance against

52 Shirin Lakhani, above, n. 2 at 417 citing List of Pakistan-China MoUs (The Nation, April 21, 2015) [http://www.pcgv.org/april 23 2015.pdf](http://www.pcgv.org/april%202015.pdf).

53 See UNSC Resolution 47 of 1948.

54 B K Sharma and Dr. Nivedita Das Kundu, eds. *China's One Belt One Road: Initiative, Challenges and Prospects*, Vaj Books India Private Limited, New Delhi, 2016.

55 More recently, India's official position published in the India's Ministry of External Affairs website states "Our position on OBOR/BRI is clear and there is no change. The so-called 'China-Pakistan Economic Corridor' violates India's sovereignty and territorial integrity. No country can accept a project that ignores its core concerns on sovereignty and territorial integrity" <https://www.mea.gov.in/media-briefings.htm?dtl/29768/Official+Spokespersons+response+to+a+query+on+media+reports+regarding+possible+cooperation+with+China+on+OBORBRI>.

56 Prakash Panneerselvam, above, n. 51 at 44.

57 Lin Minwang, above, n. 11 at 101.

58 See generally Jeremy Garlick, "Deconstructing the China-Pakistan Economic Corridor: Pipe Dreams versus Geopolitical Realities," *Journal of Contemporary China*, Vol. 27, No. 112: 519.

India.<sup>59</sup> Furthermore, there is a group of commentators who argue that economic, logistical, geographical and security<sup>60</sup> problems pose greater risks than the economic benefits that are likely to follow from the CPEC.<sup>61</sup> A study conducted by Erickson and Collins of the US Naval War College, found that CPEC would not enhance China's oil security as this energy corridor does not offer the same supply security advantages as a pipeline from Kazakhstan or Russia could deliver.<sup>62</sup> Accordingly, it is suggested that China in promoting the CPEC is actually seeking to balance its regional rival, India by making a long term strategic assessment as "commercial facilities could be quickly flipped for military applications".<sup>63</sup>

It becomes even more concerning for India when Pakistan's economic background is taken into consideration. There are serious doubts about Pakistan's ability to repay loans being granted for the CPEC which makes economic outcomes uncertain.<sup>64</sup> There is also the apprehension that inability to repay loans will pave the way for Chinese intrusion in the internal affairs of defaulting countries particularly in light of Hambantota and the subsequent 100-year lease. Coupled with the possibility that parts of the road built within the project can potentially act as a transit point for Islamic insurgents such as the East Turkestan Islamic Movement (ETIM), the security angle of the project also comes into question. And finally, India perceives the CPEC as being unilaterally<sup>65</sup> devised and implemented by China without consulting India as a key stakeholder in the region.

### 3.2 *India's Approach on the MSR*

The second prong to the opposition towards the BRI is the MSR. China's formal proposal to India to join the MSR project was made sometime around 10–11 February 2014, during the 17th round of Special Representative Talks on

59 Prakash Panneerselvam, above, n. 51 at 37.

60 See generally Mathieu Duchâtel "The Terrorist Risk and China's Policy toward Pakistan: strategic reassurance and the 'United Front'", *Journal of Contemporary China*, 20:71 (2011), 543–561. doi: 10.1080/10670564.2011.587158; also see Jeremy Garlick, above, n. 58.

61 Jeremy Garlick, above, n. 58.

62 Prakash Panneerselvam, above, n. 51 at 41, citing Andrew S. Erickson and Bagriel B. Collins, "China's Oil Security Pipe Dream: The Reality, and Strategic Consequence, of Seaborne Imports," *US Naval College Review* 63, no. 2 (Spring 2010): 90–110.

63 Jeremy Garlick, above, n. 58 at 533 citing Jessica Drun, "China's maritime ambitions: a sinister string of pearls or a benevolent Silk Road (or both)?", *Party Watch Initiative* (5 December 2017).

64 Jeremy Garlick, above, n. 58 at 520.

65 Atul Bhardwaj, above, n. 5 at 103.

the Boundary Question.<sup>66</sup> Despite the lack of formal acceptance on India's part to the invitation to participate in May 2015, Prime Minister Modi in his address at Tsinghua University remarked that both countries conduct their international commerce on the same sea lanes and that cooperation is essential for security of sea lanes. Strategically, some analyst suggest that the Maritime Silk Route is a Chinese attempt to establish a "string of pearls" consisting of ports that could potentially be used for military purposes.<sup>67</sup> They argue that Chinese investment and construction in Tanzania, Pakistan, Sri Lanka, Bangladesh, Myanmar along with the CPEC forms a strategic encirclement of India with the potential to significantly impact geopolitics of the region.

In light of strategic concerns of the MSR India has initiated its own projects and promoted international cooperation with other countries (such as with Japan) to co-develop the Trincomalee Port in North Sri Lanka to counter China-backed Hambantota, to develop Iran's Chabahar port to counter Gwadar port under the CPEC. India's Security and Growth for All in the Region Initiative (SAGAR) and Project Mausam in addition to highlighting India's commitment to safe, secure and stable maritime space also seeks to offset the Chinese MSR.<sup>68</sup> The Indian Government has identified 39 countries with whom it seeks to develop a broader understanding based on a common heritage and multiple identities.<sup>69</sup>

India opposes the CPEC and MSR as they "strategically encircle" India which could prove advantageous to China in the event of an unfortunate military fall-out with India. The recent events at Doklam highlight that strategic relations can become strained between the two countries. India, therefore seems to be hedging China's growing influence by counter balancing its influence with the help of its other strategic partners in the region.

### 3.3 *India's Approach to the BCIM Corridor*

The BCIM Forum for Regional Cooperation (earlier called the Kunming Initiative) was founded in 1999 as a dialogue aimed at creating a sub-regional cooperation zone linking the relatively backward regions of southwest China and north east India through Myanmar and Bangladesh.<sup>70</sup> The Forum had 12 meetings till 2015 but the Forum itself was never institutionalised at an

66 Patricia Uberoi, above, n. 20 at 26.

67 Jeremy Garlick, above, n. 29.

68 Wu Zhaoli, above, n. 45 at 91 citing Saurav Jha, "Energy, Defense Deals Highlight Vietnam's Role in India's 'Act East' Policy," *World Politics Review*, Sept. 25, 2014.

69 Prakash Panneerselvam, above, n. 51 at 44.

70 Patricia Uberoi, above, n. 20 at 21.

inter-governmental level.<sup>71</sup> After some setbacks mostly attributed to India's reluctance to engage more actively, things changed with the India-China Joint Statement of May 2013 which announced the bilateral intention of exploring the feasibility of developing the BCIM EC. The four-country Joint Study Group mandated with the development of the road map for the BCIM EC had hardly begun when President Xi Jinping announced the BRI.<sup>72</sup> The announcement of BRI in September 2013 and the subsequent move to subsume the BCIM Forum into the larger BRI framework however, altered the "subregional cooperation" nature of BCIM into a Chinese unilateral vision, compromising the multilateral rationale of the BCIM.<sup>73</sup> Despite being wary initially, India has now warmed up to the idea of BCIM EC. In 2015 Prime Minister Modi at the Tsinghua University remarked that "India and China conduct their international commerce on the same sea lanes. The security of sea lanes is vital for our two economies, and our cooperation is essential to achieve it. Equally, we both seek to connect a fragmented Asia. There are projects we will pursue individually. There are [a] few such as Bangladesh, China, India, Myanmar Corridor that we are doing jointly"<sup>74</sup> which highlights India's growing receptivity to the BCIM EC. It is likely that India will participate more actively in the BCIM EC in the future.

#### 3.4 *India's Position on the Asian Infrastructure Investment Bank (AIIB)*

The AIIB and the BRI are often associated with each other. Though India's participation in the AIIB may be seen as acquiesce to the BRI, the then Indian Foreign Secretary has clearly stated that as far as India is concerned, the BRI and AIIB are separate issues. Separating the BRI and the AIIB initiative, the then Foreign Secretary in IISS Fullerton Lecture to a question posed by Professor Kanti Bajpai stated "In so far as AIIB is concerned, we have no hesitation. We are actually the second largest shareholder of AIIB and we made our AIIB decision well before a lot of other countries did.... We did so from a very sensible calculation that AIIB will provide a new source of financing, the world needs a new source of financing for development projects and [for] that kind of long term funding of development projects ... demands are growing and the sources are drying up, so we welcomed the new player and we felt we could help shape it and join it and strengthen it by being in it. So, we don't have a reservation about the AIIB ... I would separate the One Belt, One Road Issue

71 Ibid.

72 Ibid., at 25.

73 Ibid., at 20.

74 Address by Prime Minister at the Tsinghua University Beijing (May 15, 2015) <https://www.mea.gov.in/Speeches-Statements.htm?dtl/25242>.

from the AIIB issue”.<sup>75</sup> By separating the AIIB from the BRI, India continues to benefit from the loans<sup>76</sup> lent by the Chinese-led AIIB and yet continues to oppose the CPEC.

The above analysis highlights that India in approaching the BRI has largely adopted a pragmatic stance guided by the likely effects of its support to the BRI on its economic and security needs. Pragmatism is rooted in facing situations and problem solving with its central focus on the outcomes. A pragmatic approach therefore is committed to end results and is primarily guided by the practical consequences that are likely to follow.

### 3.5 *India Approach to the BRI (As It Should Be)*

An atomistic and pragmatic approach keeping in mind its economic and strategic needs appears to be working for India. However, India must appreciate that China has the investment and technological upper hand that could be resourcefully used to complement India’s human resource and economic development. Prime Minister Modi’s “Make in India” initiative focuses on Indian foreign policy supporting its economic prospects, seeks trade routes to strengthen relations with major powers who matter to India’s economic revival and geopolitical rise.<sup>77</sup> China can play a significant role in facilitating investment and capital required for the Make in India initiative. A SWOT analysis by Ravi Bhoothalingam concludes “India should join OBOR and use its strengths and resources to co-create the OBOR architecture from within for what works best for the country. India needs a good 30 years of high-speed growth, and it is difficult to visualize that we can get it if we remain on the sidelines of what looks like the route to a burst of growth and innovation in Asia”.<sup>78</sup> Therefore, wherever possible and without compromising national security, India should as far as possible align its developmental priorities with BRI and “productively cooperate as regional partners in the development of their

75 IISS Fullerton Lecture—India, the United States and China, <https://www.youtube.com/watch?v=etzihw8jHaY>.

76 Kiran Stacey, Simon Mundy and Emily Feng, “India benefits from AIIB loans despite China tensions,” (March 2018) <https://www.ft.com/content/da2258f6-2752-11e8-b27e-cc62a39d57a0>.

77 Lan Jianxue, above, n. 7 at 116, citing Niranjana Sahoo, “Decoding Modi’s Foreign Policy,” September 23, 2014, <http://carnegieendowment.org/2014/09/23/decoding-modi-s-foreign-policy>.

78 Patricia Uberoi, above, n. 20 at 29 citing Ravi Bhoothalingam, “The ‘One Belt One Road’ (OBOR): A SWOT Analysis for India”, paper presented at the Institute of Chinese Studies, New Delhi, India.



shared neighbourhood".<sup>79</sup> The BRI presents an opportunity for Asian countries to find friends in themselves for a secure future of the region. India's reluctance to participate in the BRI more meaningfully and constructively would be a wasted opportunity. It is a delicate balance that India will need to achieve in terms of balancing the tremendous long-term economic opportunities that BRI presents with that of minimising the potential security threat in the Indian Ocean Region.

#### 4 Why India's Stance Matters?

India's stance matters to China for several reasons. First, India as an immediate neighbour and an important player in the region remains very relevant to Chinese neighbourhood policy and accordingly, Indian sensitivities remain relevant to China's BRI. Second, despite being unilaterally proposed, the BRI is/shall be bilaterally/multilaterally pursued. International implementation of a project covering over 65 countries rides not only on legal considerations but also on legitimacy. Taking India on board in discussion at least in relation to the routes that affect/may affect India can go a long way in strengthening BRI's legitimacy. Third, India's participation would help China achieve its policy objectives of the BRI in an effective way. The five priority areas that are highlighted in the BRI official policy document namely, policy coordination, facilitating connectivity, unimpeded trade, financial integration and people-to-people bonds can be better achieved at various levels with Indian cooperation. Fourth, an active Indian engagement would promote sustainable relationship which would go a long way in promoting international peace and prosperity. Fifth, Indian markets are a fertile ground for Chinese investment and involving India in the BRI negotiation would help dispel any mistrust that both countries may have against each other thereby paving way for increased investment and enhanced cooperation in other areas of international importance.

For the above reasons, it would be productive for China to clarify its position pertaining to the CPEC, rather than shrug it as matters internal to India and Pakistan. There is of course an inherent risk in this approach. China is often projected as an all-weather ally of Pakistan. If the Chinese position is tilted in favour of one particular country, it can have severe repercussions in the region. But on the other hand, if a balanced approach is taken, it may win India over its side.

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79 Patricia Uberoi, above, n. 20 at 29.

## 5 Conclusion

The fact that the BRI has veered international discourse away from conflict to connectivity<sup>80</sup> is commendable. The end goal of economic prosperity of a State is not merely improving the lives of its citizens but prosperity is also a harbinger of peace and if States can, they must cooperate with each other for a better and peaceful future of the world. The underlying message of all connectivity projects including the BRI should be one that builds sustainable relationships based on mutual understanding of sensitivities and concerns even when States cannot always agree on everything.

Neither India nor China can contain each other, and it is in the best interest of both countries to seek a multipolar world by aligning their respective interests. The world is large enough for both players.<sup>81</sup> Both countries can achieve their respective goals in a pluralistic world. This is particularly possible as Asia has never ceased to be pluralistic and pluralism and rivalry have not precluded mutually cooperative and beneficial exchanges.<sup>82</sup> A shared vision of a peaceful and stable future taking into account mutually cherished goals of economic growth and development is certainly possible.

## Acknowledgements

I thank the anonymous reviewers for their helpful comments on the earlier draft of this article.

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80 Atul Bhardwaj, above, n. 5 at 99.

81 Lan Jianxue, above, n. 7 at 127.

82 Marko Juutinen, above, n. 21 at 209.