Indian Perceptions of the Chinese Belt and Road Initiative

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Abstract

This article has captured evolving Indian narratives concerning One Belt One Road (OBOR) or the Belt and Road Initiative (BRI). In the context of changing scope of the BRI, perceptions are also evolving. The article has covered wider perceptions, which go much beyond limited official narrative. Broader India–China ties have affected BRI discussions. The sovereignty-related issues concerning the China–Pakistan Economic Corridor (CPEC) and broader geopolitical implications within the Indian Ocean Region have overshadowed other aspects of the BRI. India’s participation in the Asian Infrastructure Investment Bank (AIIB), Shanghai Cooperation Organisation (SCO) and BRICS had relatively little impact on New Delhi’s perception of the BRI. In fact, the Bangladesh–China–India–Myanmar Economic Cooperation (BCIM) corridor, which was graduated to Track I in 2013, has rather become victim of the BRI geopolitics. Although a large number of independent analysts have argued for a selective participation in the BRI, this has hardly been reflected in government policy. As the BRI progresses, the Indian focus is more on perusing its own connectivity plans (individually or with other partners) and also on showing how some of the BRI projects are creating difficulties for recipient countries. From the earlier geopolitical and developmental aspects of the initiative, the focus is now shifting more towards a political economy analysis of participating countries. Increasing difficulties faced by BRI projects in terms of debt trap, corruption, political controversies, negative environmental implications and overall sustainability of projects are also being analysed in India.

Introduction

It is becoming clear that China’s ambitious One Belt One Road (OBOR) or Belt and Road Initiative (BRI) linking Asia and Africa with Europe through a network of various transportation corridors could fundamentally reshape the geoeconomics and geopolitics of the whole Eurasian region and beyond. These developments have huge implications for India. Out of the proposed six international corridors (Hong Kong Trade Development Council [HKTDC], 2018; National Development Reform Commission [NDRC], 2015), four corridors, namely, the new Eurasia Land Bridge, China–Central Asia–West Asia Economic Corridor, the China–Pakistan Economic Corridor (CPEC) and the Bangladesh–China–India–Myanmar Economic Cooperation (BCIM), directly affect India’s economic and strategic linkages with these regions.

Although the scope of the BRI is still taking shape, it has already started affecting many countries in Europe and Asia. The main focus of the article is not to evaluate the BRI initiative per se but to capture evolving Indian perceptions. The article has tried to cover wider perceptions, which go much beyond official narrative. As the whole initiative has
grown enormously in the last 5 years, Indian perceptions have also become diverse. These are articulated by the Ministry of External Affairs (MEA) briefings and official speeches, writings by retired diplomats, academic studies, media reports, op-ed commentaries and television discussions on current affairs.

The initial discussions focused mainly on two dimensions of the BRI. These included geopolitical and developmental implications of the initiative for India. Because of the overwhelming emphasis on the CPEC in Indian discussions, the perceptions were mainly shaped by geopolitical dimensions of the BRI rather than broader developmental aspects. The major focus has been on the geopolitical impact of infrastructural projects in the neighbourhood and in the Indian Ocean Region. Assessments of the economic impact of the initiative beyond the CPEC are rather limited. Of late, the political economy dimension of the project is figuring prominently in discussions. Here, the emphasis is more on evaluating political, social, environmental as well as sustainability issues concerning Chinese-funded projects.

The Context

Indian perceptions of the BRI have to be understood within the broader context of India–China relations. Like its counterparts in most other Asian countries, one of the biggest challenges for Indian policymakers is managing its relations with China. At the moment, there remains a huge asymmetry between two economies. As a result, the 'Chinese are relaxed about the rise of India' but 'the Indians are much more nervous about the rise of China' (Grant, 2010). Since both are rising powers in the same part of the world, there are bound to be tensions. Many scholars have posited that India–China relations consist of four Cs: conflict, competition, cooperation and containment (Joshi, 2018). One of the main sources of tension between India and China is their shared but disputed border. In 1993, an agreement on the maintenance of peace and tranquillity along the Line of Actual Control (LAC) was signed, and so far 19 rounds of talks on boundary question have been held. Incidents of Chinese troops crossing over to Indian territory are common but, in the past, both governments played down these incidents. The 2017 military standoff at Doklam and strong statements from both sides, however, further vitiated already stressed ties. China has also forged strong relations with many of India’s South Asian neighbours including an ‘all weather’ friendship with Pakistan. Due to its centralized state control system and deep pockets, China is far more successful than India in its natural resource diplomacy. Bilateral economic relations have become stronger. With $80 billion bilateral trade (2017–2018), China has become India’s number one trading partner. This trade is hugely tilted in favour of China as Indian exports amounted to only $13 billion. It is likely, however, that China may participate in expanding India’s infrastructure. Expanding economic ties, however, have not necessarily reduced tensions. New Delhi believes that China has transferred nuclear and missile technology to Pakistan, so that India is bottled up in South Asia. With Pakistan further blocking India westwards, Indian access to Afghanistan and Central Asia becomes difficult. This provides China a relatively free space in Eurasia, as its rivalry with Beijing’s ally Pakistan limits India’s influence in and access to the region (Sachdeva, 2016a). New Delhi is also aware that ‘no single power—not even the U.S.—can offset China’s power and influence on its own’ (Chellaney, 2016). A strong push towards further strengthening its ties with the ASEAN countries (Naidu & Sachdeva, 2017) and revitalization of the Quadrilateral Security Dialogue (or Quad) involving the USA, Japan, Australia and India (Madan, 2017) are steps in that direction.

The Official Narrative
The Indian government’s position on the OBOR project is more or less consistent since the initiative was first launched in 2013. The MEA has reiterated its stand through various official statements issued at different intervals. It can also be discerned from speeches made by Indian Foreign Secretary and Foreign Minister at various occasions. The Indian government has neither fully rejected the initiative nor endorsed it in a clear manner. At the same time, the government has clearly opposed CPEC activities. On the BRI initiative, at the floor of parliament, M J Akbar, the Minister of State for External affairs summarized Indian government’s position as the following:

Government is of firm belief that connectivity initiatives must be based on universally recognized international norms, good governance, rule of law, openness, transparency and equality, and must be pursued in a manner that respects sovereignty and territorial integrity.

The inclusion of the so-called China-Pakistan Economic Corridor (CPEC), which passes through parts of the Indian state of Jammu & Kashmir under illegal occupation of Pakistan, as a flagship project of OBOR reflects lack of appreciation of India’s concerns on the issue of sovereignty and territorial integrity. Government has conveyed to the Chinese side, including at the highest level, its concerns about their activities in Pakistan Occupied Kashmir and asked them to cease these activities.

Earlier, in 2015, the then Indian Foreign Secretary S. Jaishankar was categorical that as far as India is concerned,

this is a national Chinese initiative. The Chinese devised it, the Chinese created a blueprint ... and a national initiative is devised with national interests. It is not incumbent on others to buy it ... if this is something on which they want a larger buy-in, then they need to have larger discussions, and those haven’t happened. (Jaishankar, 2015)

In the background of growing debate on BRI and India’s own plans of regional connectivity, the 2016 Raisina Dialogue was focused on Asian connectivity. Although government officials did not use OBOR or BRI, it was clear to everyone what was being discussed. At the dialogue, the Indian External Affairs Minister Sushma Swaraj gave importance to ‘cooperative rather than unilateral approach’ to connectivity. She also argued that ‘creating an environment of trust and confidence is the pre-requisite for a more inter-connected world’ (Swaraj, 2016). Building on the similar theme of ‘consultative’ versus ‘unilateral’ connectivity initiatives in Asia, Indian Foreign Secretary also asserted that ‘we cannot be impervious to the reality that others may see connectivity as an exercise in hardwiring that influences choices. This should be discouraged, because particularly in the absence of an agreed security architecture in Asia, it could give rise to unnecessary competitiveness’. He argued further that ‘connectivity should diffuse national rivalries, not add to regional tensions’ (Jaishankar, 2016).

About 120 countries including 30 top leaders participated at the BRI summit in Beijing in May 2017. It was claimed that close to 70 countries had already signed for the project. Although New Delhi was invited, there was no official participation. The official explanation for not attending the forum was that although India is in favour of enhancing physical connectivity, it believes that ‘connectivity initiatives must be based on universally recognized international norms, good governance, rule of law, openness, transparency and equality’. In addition, these projects also must follow
principles of financial responsibility to avoid projects that would create unsustainable
debt burden for communities; balanced ecological and environmental protection and
preservation standards; transparent assessment of project costs; and skill and
technology transfer to help long term running and maintenance of the assets created
by local communities.

It was also stated that New Delhi is urging Beijing to engage in a meaningful dialogue on
the BRI and waiting for a positive response. Moreover, the CPEC is projected as a flagship
project of the initiative and ‘no country can accept a project that ignores its core
concerns on sovereignty and territorial integrity’. The same position was repeated in April
2018.

In June 2018, when India participated for the first time as a full member of the Shanghai
Cooperation Organisation (SCO), it was expected that New Delhi might soften its position
on the BRI. However, when the Qingdao Declaration was issued, India was the only
member country that did not endorse the BRI project. At the summit, Prime Minister Modi
asserted that India welcomes ‘new connectivity projects that are inclusive, sustainable
and transparent, and respect countries’ sovereignty and territorial integrity’ (Modi, 2018).

AIIB and BCIM

Despite not endorsing the BRI, New Delhi has participated in the Asian Infrastructure
Investment Bank (AIIB) from the beginning. After China, India is now the second largest
shareholder in the bank and 7 out of 27 approved projects by the AIIB are from India.
Out of total $4.5 billion, the AIIB has committed about 1.2 billion investments to India.
This makes India as the largest recipient of concessional finance from the bank. Many
other Indian infrastructure projects amounting to $2 billion are in the pipeline
(Moneycontrol, 2018). The official explanation of New Delhi’s participation in the AIIB is
that India was approached for this initiative from the very beginning, which made all the
difference.

Before the announcement of BCIM as one important component of the BRI, the four
countries were already working to materialize subregional cooperation for years. To
integrate East and North-eastern India with Southwest China along with two least
develop countries, namely, Bangladesh and Myanmar, a Track II BCIM regional Economic
Forum was established in 1999 in Kunming. In 2013, the concept was officially endorsed
and participating nations agreed to establish a Joint Study Group (JSG) to strengthen
connectivity, trade and other linkages through the development of a BCIM Economic
Corridor (BCIM-EC). Along with the CPEC, however, when the BCIM-EC was also
declared as an important part of the OBOR/BRI initiative by China, it created difficulties
for Indian policymakers (Uberoi, 2016). Although a few meetings of the JSG have taken
place, progress is very limited. Since the BCIM was conceived much before the BRI, many
argue that it should not have been subsumed with the larger belt and road strategy
(Kantha, 2017). The main Indian objective behind initiating BCIM-EC was to develop
infrastructure and markets for its north-eastern region through subregional cooperation.
In this way, these relatively isolated Indian states could take advantage from its Look
East/ Act East Policy. Jointly building missing infrastructural links in the subregion has
been one of the major objectives of the initiative. Once parts of the larger BRI initiative, it
actually could have given a new push to economic development in the Northeast. As the
BCIM also became part of larger discourse on the BRI and the CPEC, the progress on this front has also stalled. Some analysts have even started raising concerns that if BCIM is implemented, the Northeast will be flooded with Chinese goods and illegal Chinese may start settling in the region (Ranade, 2016).

Other Perspectives

The ruling Bharatiya Janata Party (BJP)’s position is very close to the government. This is well articulated by its influential General Secretary Ram Madhav. He argued that essentially this is a Chinese project launched without wider consultation. In addition, there are serious sovereignty issues concerning CPEC (Madhav, 2017). Vinay Sahasrabuddhe, BJP’s National Vice President also articulated similar ideas at a meeting in Beijing (Sahasrabuddhe, 2015). The former Union Minister and spokesperson of the Indian National Congress, Manish Tewari, believes that although India’s objections to the CPEC are valid (Tewari, 2017), we should participate in the BRI and take advantage from it (The New Indian Express, 2017). Senior leader of the Communist Party of India–Marxist (CPI-M) Prakash Karat is of the view that by not participating in the BRI Forum, ‘India has isolated itself’ and this is clearly in line with the US policy of ‘strategic containment of China’ (Karat, 2017).

Going beyond the official narrative, the perceptions are much more diverse. Even most recently retired senior foreign service officers are not averse to selective engagement with the BRI. Former Foreign Secretary Shyam Saran feels that at the moment India lacks resources for any competing and alternate networks. Therefore, it may be useful to carefully evaluate those components of the BRI, which will improve India’s connectivity to major markets and resource supplies (Saran, 2015). Shiv Shankar Menon, former Foreign Secretary and former National Security Adviser, is also of the view that except CPEC because of sovereignty issues, India should explore those portions of the BRI infrastructure or connectivity which ‘serve India’s interest in improving connectivity and economic integration with the Asian and global economy’. In addition, he argues that even limited implementation of the BRI ‘will markedly change the economic and strategic landscape within which we operate, and India must prepare for that change’ (Menon, 2017). Ambassador Talmiz Ahmad argues that as both India and China accept the importance of expanding connectivity in Asia ‘there is no need to fear the OBOR– both the OBOR and China need India as a partner’ (Ahmad, 2016). Compared to these views, former Foreign Secretary Kanwal Sibal is absolutely against India joining the initiative. He feels that BRI has formalized ‘China’s ambition to dominate the Eurasian landmass in transition towards an equal status with the United States’. He argues that the goal of the project is to ‘establish a China-centric system in Asia’ that will marginalize other powers like India. And ‘if India joins, it will mean that it accepts the inevitability of China’s supremacy in Asia’ (Sibal, 2017). Some others also feel that if India joins OBOR, it would become ‘Asia’s permanent second-class power’ (Malik, 2017). So, for C. Raja Mohan, India’s difficulty is that the BRI will massively strengthen China’s influence in ‘India’s neighbourhood and marginalise Delhi’s regional primacy’ (Mohan, 2017). Ambassador M. K. Bhadrakumar, however, argues that India is now surrounded by BRI projects and through these, China is trying to ‘leverage regional security and stability in South Asia’. As New Delhi lacks resources for a counter strategy, he feels ‘all we are left with is our vacuous negative propaganda to malign the BRI for which there are no takers abroad’ (Bhadrakumar, 2017).

Scholars working in the area of strategic studies still largely dominate the BRI discussions in India. Academic studies looking at the developmental and socioeconomic aspects of
the initiative are rather limited. As a result, the broad consensus appears to be that apart from economic and infrastructure development programme, ‘it is a long-term strategic initiative that seeks to convert China’s current economic might into diplomatic influence’ (Jacob, 2017, p. 78).

Indian concerns related to the BRI are twofold. First, CPEC related sovereignty issues and second, issues related to Maritime Silk Road where many commercial projects have strategic considerations (Jaishankar, 2017). Some in the academia feel that the initiative is clearly in conflict with the way India looks at multilateral projects (Pathak, 2017). Others feel that in a rapidly evolving global and Asian order, India has to balance ‘its short term gains with long terms interests’ in responding to the BRI (Pant & Passi, 2017, p. 95). At the moment, the dilemma India is facing is ‘between the inviting prospects of modernizing India’s regional connectivity and the perceived negative political consequences of the initiative’ (Baruah & Mohan, 2018, p. 93). Some have analysed that ‘China’s connectivity revolution’ has pushed India to develop many responses. These include (a) stepping up India’s own infrastructure development, (b) implementing connectivity projects abroad on priority and (c) working with outside powers like the USA and Japan to offer alternatives to the BRI. Further, India may collaborate with China in some connectivity projects (Baruah & Mohan, 2018, pp. 94–95).

Many scholars who focus more on economic issues see BRI as an opportunity. It is argued that India could take advantage from China’s overcapacity and infrastructure investment in Asia (Jha, 2016). Therefore instead of opposing, New Delhi should integrate some of the BRI initiatives into its own connectivity plans (Sachdeva, 2016b). This will significantly enhance India’s access to Eurasia (Stobdan, 2016). Some have even argued that New Delhi’s involvement in the BRI is useful not only for India but also for the entire South Asian region as many of these economies are closely integrated with the Indian economy (Das, 2017). By joining BRI, India, it is argued, can play a leadership role in South Asia’s infrastructure and economic integration (Kulkarni, 2017). Further, a confident India can leverage the Chinese initiative to its own advantage in the areas of connectivity, manufacturing and higher education sector (Bhoothalingam, 2016). There are others, however, who argue that Indian interests are best served by direct access to sea lanes of communications in the Indian Ocean rather than alternate routes being developed under BRI. Moreover, India has either enough capacities of its own or can easily borrow from multilateral institutions (Singh & Sahgal, 2017).

Many have made the argument that India was not consulted before announcement or more consultation is needed (Sajjanhar, 2017). Some other, however, feel that ‘petulance should not drive our policy’ (Raghvan, 2017). Analysts are still arguing about the real nature of the BRI. Some assert that OBOR is less about economics and more about ‘deployment of economic instruments in pursuit of geopolitical objectives’ by China (Baru, 2017). Others, however, feel that major problem with Indian response is that it concentrates mainly on geopolitics of the initiative. Moreover, the primary goal of the BRI is to integrate the Chinese economy with Europe rather than South Asia (Joshi, 2017).

Of late, many reports and analyses are appearing in Indian media concerning a growing discontent among the BRI participating countries, debt trap and project failures (The Economic Times, 2017, 2018; also refer to Chellaney, 2017a). Apart from other projects, the major focus is on problems faced by CPEC in Pakistan (Sareen, 2018) and the Hambantota port and airport projects in Sri Lanka. Some have already termed OBOR as ‘imperial overreach’ (Chellaney, 2017b) and started questioning the viability of the project itself (Ranade, 2016).
The broad Indian perception is that BRI is clearly a Chinese project with explicit objectives of infrastructure building and connectivity. Through this, China also wants to resolve its two major problems, namely, capital surplus and industrial overcapacity (Nayyar, 2017). It is also about increasing Chinese political influence in broader regions. It can help participating countries in bridging infrastructural deficits but their bargaining capacity is weak. For India, OBOR presents both threats and opportunities. However, making use of some of the economic opportunities will depend on ‘the institutional agency and strategic imagination India is able to bring to the table’ (Saran & Passi, 2016). Moreover, moving away from an abstract single grand BRI narrative to specific connectivity projects could resolve many of the issues between India and China (Mohan, 2018). At the moment, New Delhi’s approach seems to be closely watching developments, peruse its own connectivity projects and advising countries in the region about long-term consequences of closely linking with the BRI (Jha, 2018). Some observers are even suggesting that there is a ‘likely little scope for two countries to collaborate on the BRI’ and New Delhi must work together with Japan, USA and others to provide an alternative to the Chinese connectivity plans (Baruah, 2018).

Conclusion

In the context of changing scope of the BRI, Indian perceptions are also evolving. The narrative on the BRI is quite rich and diverse. The sovereignty-related issues concerning the CPEC and broader geopolitical implications within the Indian Ocean Region have overshadowed other aspects on the initiative. Despite a large number of countries involved, the main thrust of the BRI has been on linking the Chinese economy with Europe through the Eurasian landmass. In India, however, there is relatively little assessment of developmental implications of the BRI within the broader Eurasian region. A broad consensus seems to have emerged that the BRI is primarily a Chinese initiative and it is difficult for New Delhi to endorse the CPEC. Developments in broader India–China ties (increasing trade deficit, Doklam standoff and so on) have obviously affected Indian perceptions. India’s participation in the AIIB, SCO and BRICS had relatively little impact on New Delhi’s perception about the BRI. In fact, the BCIM corridor, which was graduated to Track I in 2013, has become rather victim of the BRI geopolitics. Although a large number of independent analysts have argued for a selective participation in the BRI, this has hardly been reflected in any government policy. As the BRI progresses, the Indian focus is more on perusing its own connectivity plans (individually or with other partners) and also on showing how some of the BRI projects are creating difficulties for recipient countries. From earlier geopolitical and developmental aspects of the initiative, the focus is now shifting towards a political economy analysis of participating countries. Increasing difficulties faced by BRI projects in terms of debt trap, corruption, political controversies, negative environmental implications and overall sustainability of projects are being analysed in many writings. Since the official narrative is still negative, a more balanced analysis looking at both risks and opportunities with large number of case studies with possible impact of BRI on Indian trade, connectivity and value chains is still lacking.

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