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INDIAN FOREIGN POLICY TOWARDS CHINA'S BELT AND ROAD INITIATIVE (BRI): REJECTION AND COMPETITION

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Abstract

The Belt and Road Initiative (BRI) is a Chinese global infrastructure strategy which was adopted by the Chinese government in 2013. Formerly, in English, it was known as One Belt One Road (OBOR). This initiative is considered as a centerpiece of Xi Jinping's foreign policy. In 2013 during his official visit, he announced this strategy as "Silk Road Economic Belt" in Kazakhstan. The Chinese government called this initiative, "a bid to enhance regional connectivity and embrace a brighter future". The target of completion regarding this project is 2049. In response to BRI, the US, Japan and Australia formed the "Blue Dot Network" in November 2019. Blue Dot Network provide assessment and certification of infrastructure development projects worldwide on measures of financial transparency, environmental sustainability, and impact on economic development, with the goal of mobilizing private capital to invest abroad. On 21st April 2021, Australian Foreign Minister Marise Payne officially announced Australia would be pulling out the "Belt and Road Initiative" completely.

Key words: BRI, India- China Relations, Foreign Policy, Relative Gain and Absolute Gain.

Introduction

The described objective of the initiative is, "to construct a unified large market and make full use of both international and domestic markets, through cultural exchange and integration, to enhance mutual understanding and trust of member nations, resulting in an innovative pattern of capital inflows, talent pools, and technology database". The Belt and Road Initiative identifies an "infrastructure gap" and also have the ability to speed up economic growth across the Africa, Indo- Pacific region, and Eastern Europe. This infrastructure gap requires long term capital explains why many Asian and Eastern European heads of state "gladly expressed their interest to join this new international financial institution focusing solely on 'real assets and infrastructure-driven economic growth". Some intimate lists claimed that Belt and Road Initiative is one of the largest infrastructures and investment project in history. This project is covering 68 countries, including 65% of world's population and 40% of global gross domestic product. The project is based on the old trade routes which previously connected China to the West. The Belt and Road Initiative refers to the whole geographical area of the historic "Silk Road" trade routes in ancient time. The main objectives of this project are: development of the infrastructures of the Asian countries, development of the Renminbi as a currency of international transactions, strengthening diplomatic relations whilst reducing dependency on the United States, creating new markets for Chinese products, exporting surplus industrial capacity, and integrating commodities-rich countries more closely into the Chinese economy etc.

Some analyst believed that China's Belt and Road Initiative is its way to extend Chinese economic and political influence. And some geopolitical analyst measured this initiative in the context of English philosopher Halford Mackinder (1861-1947)'s "Heartland Theory". Sir Halford Mackinder who was an English academician and politician. He is regarded as one of the founding fathers of geopolitics and geostrategy. He gave Heartland theory in 1904. In this theory, Mackinder argues that whoever controls Eastern Europe controls the Heartland. The theory also supported and accepts the concept of world dominance. A more revised version of this theory argues that whoever controls the heartland, controls the world island and whoever controls the World Island, will soon rule the world. in short, the nation or a group of nation who dominates the heartland, can then extend its domination over a far wider area. The heartland refers to Central Asia, the high seas and Eurasia. During the second world war, the Nazi party of Germany was in favor of this concept and this concept was very well known amongst party they also wanted to achieve it. Along this during the Cold War Soviet Union also accepted this heartland theory.

Scholars also noticed that the official media of the People's Republic of China is trying to hide the strategic dimension of this initiative. In several South Asian countries like, Pakistan, Shri Lanka, Nepal, Bangladesh, Afghanistan etc. China has already invested billions of dollars to improve their basic infrastructure. This investment has implications for China's trade regime and its military influence. According to the World Bank's Chief Economist Carmen Reinhart, 60% of Chinese bank lending are given to the developing countries. And there these sovereign loans are discussed bilaterally or in a secret manner. China is the biggest bilateral lender in the whole world. Such loans are backed by warranty for example rights to a mine, money or a port. Around 29% to 32% of Chinese loans use such kind of resources as warranty. For this, critics use the "Debt Trap Diplomacy". "Debt trap" diplomacy is a



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theory to describe a powerful lending country or institution who wants to trouble the borrowing nation with huge debt so as to increase its influence and profit over it.

The term “debt-trap diplomacy” was introduced by Brahma Chellaney in 2017 who is an Indian academician. After that it has been largely used in recent years specifically to charge China’s lending policies. Scholars of debt-trap diplomacy argued that China’s geostrategic interests are fulfilled when its allies struggle with debt. Because the resulting economic crisis of the debt apparently allows China to exploit and grasp properties and helps its political influence. Debt-trap diplomacy is also termed “debt-trap diplomacy”. On debt-trap diplomacy, its inventor Brahma Chellaney argues that, “Its clearly part of China’s geostrategic vision”. The Chinese Ministry of Finance released a new Debt Sustainability Framework in April 2019 and it was labelled as being “virtually identical” to that of the World Bank (WB) and International Monetary Fund (IMF).

It refers China’s intentionally extends extreme credit to a debtor country. And it also includes its intention of removing economic or political concessions from the debtor country when it becomes incapable to fulfill its debt obligations. The conditions of such loans are usually a secret and loaned money is typically used to pay contractors from the creditor country. A report from Fitch Ratings doubts Chinese banks regarding ability to control risks. For example, they do not have a good record of distributing resources efficiently at home. This may lead problems regarding new asset quality for Chinese banks where maximum funding is probably to originate. Moreover, two state-owned banks manage China’s foreign loans and development. Their motive is only to maximize their profit and minimize their loss. So, there is no encouragement for them to provide mercy on loans. Some scholars suggested that emerging criticism about an evolving Belt and Road Initiative and its financing requires rise over the “debt-trap” meme.

The term “String of Pearls” is basically a geopolitical hypothesis which were introduced by United States political researchers in 2004. The term denotes to the Chinese military network, commercial facilities and its relationships with sea lines of communication. The sea lines run by many main maritime choke points for example, the Strait of Malacca, the Strait of Mandeb, the Strait of Hormuz and Lombok Strait and it also includes strategic centers in Sri Lanka, Pakistan, Bangladesh, Somalia and the Maldives. As a geopolitical concept, in 2005, the term was firstly used in an internal US Department of Defense report, “Energy Futures in Asia”. The term is widely used in India in terms of its geopolitical and foreign policy narratives to underline its concern regarding China’s massive Belt and Road Initiative project across South Asia. The rise of “String of Pearls” is revealing China’s geopolitical influence in the region through its determined efforts to expand reach to ports and airfields, modernize and expands military forces, and develop stronger diplomatic relationships with its partners in trade. The Chinese government claims that its increasing naval strategy is completely peaceful and is only for the safety of regional trade interests.

In India, many commentators believe that the China-Pakistan Economic Corridor and other initiative under the BRI is a threat for India’s national security. Such kind of initiative would encircle India and can become a threat for its territorial integrity and power projection trade. And, China’s support for India’s traditional enemy of Pakistan and its Gwadar Port project is seen as a threat. India has a doubt that China may develop an overseas naval military base in Gwadar which could also allow China to conduct and control the expeditionary warfare in the Indian Ocean Region. And the deep-water port of Kyaukpyu is also seen as the similar concern in India. In December 2008, China started the anti-piracy naval deployment in the India Ocean. And in August 2017, the resulting acquisition of its first military in Djibouti. The Indian policy makers predict this action as a perspective of China’s “permanent military presence” in the Indian Ocean.

India’s foreign policy towards China’s Belt and Road Initiative (BRI) is inspired to political realism and pragmatism. On the one hand, India has not only raised its apprehensions about the BRI but also taken measures to compete with it. The motivations behind India’s competition with China’s BRI stem from its concerns about the relative gains China might accrue through the BRI in its own backyards – South Asia and the Indian Ocean. China’s BRI – the Silk Road Economic Belt and the 21st Century Maritime Silk Road (SMR) have attracted an increasingly growing scholarly attention since their inception in 2013. As far as India’s foreign policy toward China’s BRI is concerned, scholars have been engaging in a lot of discussions and debates. For instance, some Indian scholar have employed Indian domestic mainstream media to debate what the BRI means for India and how India should respond to the BRI. More generally, there is a consensus among Indian scholars that the BRI is more than an economic initiative since it has some broader geopolitical and geo-economic implications for the South Asian region and the Indian Ocean (Deepak, 2014). As to how the Indian government should respond to the BRI, there are divergent views. Some argue that the Indian government should undertake its own policy measures to counter China’s BRI. In stark contrast, others argue that the Indians should participate in the BRI, and still others suggest that the Indian government should selectively engage with the BRI.



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Chinese scholars have so far quite actively discussed and debated over India’s foreign policy towards the BRI, how China should respond to such policy initiative, and the implications of the BRI for China – India relationships. For example, the author used ‘India’ and ‘One Belt and One Road’ as two keywords to search in China Academic Journals Full-text Database on 9 March 2018, the result was 736 articles. The author divided these articles into two opposing camps, that is, the ‘wishful thinking’ camps and the ‘down-to-earth’ camp. Wishful thinking camp’s scholars argue that India will or should cooperate with the China’s BRI, and even discuss how to reach the connectivity between the BRI and some of India’s initiatives such as the Mausam Project, and some specifically argues that China-Pakistan Economic Corridor (CEPC) – a flagship project of the BRI will ‘force’ India to cooperate with the BRI. In marked contrast, down-to-earth camp argue that it would be very difficult for India to truly accept the BRI, not to mention cooperating with China to implement such an initiative.

Apart from the debates among Indian and Chinese scholars, there are several other perspectives on India and China’s BRI in the existing literature. For instance, some scholars explore the strategic implications of the BRI for India and argue that these implications should be considered within the framework of the future development of the China-India relations. Another scholar examines India’s options between China’s BRI and some newly established financial institutions under the BRI. Still others investigate India’s perceptions about China’s BRI, in addition to India’s challenges to this initiative. Mohan Malik points out that India’s competition with China in Myanmar is one of the challenges faced by China’s Maritime Silk Road Initiative.

India’s foreign policy towards China’s Belt and Road Initiative (BRI) is pragmatic. On the one hand, India has not only plainly raised its apprehensions about the Belt and Road Initiative but also taken measures to compete with the BRI. Although India has been a member of a part of the BRI, namely the Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC), its stalling tactic has made this economic corridor no real progress at all. The driving force behind India’s competition with China’s relative gains in India’s own backyards- the South Asian region and the Indian Ocean region.

Indian Foreign Policy for Relative and Absolute Gains: A Theoretical Analysis

States’ competition and cooperation have been insightfully understood by the relative gains and absolute gains- an analytical framework in international relations. More specifically. In international relations, there has been a debate between neorealism or structural realism and neoliberal institutionalism on where states are concerned primarily with relative gains or absolute gains and the impact of such a concern on the prospects for achieving international cooperation.

Neorealism assumes that anarchy in the international system ‘foster competition and conflict among states and inhibits their willingness to cooperate even when they share common interests’ or states are largely concerned with relative gains rather than absolute gains so neorealism ‘presents a pessimistic analysis of the prospects for international cooperation’. For instance, Kenneth Waltz argues that relative gains concerns would prevent states from cooperation because ‘when faced with the possibility of cooperating for mutual gain, states that feel insecure must ask how the gain will be divided. They are compelled to ask not “will both of us gain?” but “who will gain more?”. In the same vein, Joseph Grieco argues that, ‘states worry that today’s friend may be tomorrow’s enemy in war, and fear that achievements of joint gains that advantage a friend in the present might produce a more dangerous potential foe in the future. As a result, states must give serious attention to the gains of partners. Thus, according to Joseph Grieco, a state concerned about relative gains ‘will decline to join, will leave, or will sharply limit its commitment to a cooperative arrangement if it believes that partners are achieving, or are likely to achieve, relatively greater gains’ in spite of large absolute gains through participation in cooperation (Ibid., p. 499). Simply put, neo-realists argue that as long as relative gains are of greater concern for states, they would forgo international cooperation because they believe the distribution of benefits would later tilt the balance of power between them and would favour their potential adversaries in an undesirable manner.

Moreover, some neo-realists argue that relative gains concern even make it difficult for allies to achieve cooperation. For instance, political scientist Michael Mastanduno hypothesizes that ‘as relative economic power declines and external security threats diminish, a hegemonic state is likely to pursue relative gains more forcefully in economic relations with its allies’. To test this hypothesis, Michael Mastanduno uses a case study of the US economic policy shift toward the US’s ally Japan from cooperative measures prior to the 1980s to competitive measures by the latter half of 1980s and shows that such a policy shift stems from the US’s concern ‘...that certain patterns of economic interaction with Japan, even though mutually beneficial in absolute terms, would bring relatively greater economic benefits to Japan and over time work to the detriment of America’s competitive position in the development and application of advanced technology’.

In contrast, ‘neoliberal institutionalism assumes that states focus primarily on their individual absolute gains and are indifferent to the gains of others. Whether cooperation results in a relative gain or loss is not very important to a state in neoliberal



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institutionalism so long as it brings an absolute gain'. For instance, Robert O. Keohane argues states seek to maximize their individual absolute gains and are indifferent to the gains achieved by others, thus, 'properly designed institutions can help egoists to cooperate even in the absence of a hegemonic power'. At the same time, however, Robert Keohane also acknowledges that neoliberal institutionalism has underestimated the importance of relative gains concerns inhibiting states from cooperation under certain conditions. To identify the conditionalities of relative gains concerns, Robert Powell employs several special cases of a game model to show that relative gains concerns will only inhibit states from cooperation when the possibility of use of force is low, then relative gains does not matter and cooperation between states become feasible. In the same vein, Duncan Snidal identifies the nature of the relationship between the states as the main source of whether or not the concern more or less about relative gains and absolute gains. Specifically, Duncan Snidal argues that if states' relations are not conflictual or contentious, then both states' concerns about the security implications of relative gains are relatively trivial so both states can be expected to pursue economic cooperation without worrying much about the relative distribution of benefits. On the contrary, if both states are two competitors for whatever reasons, then relative gains would become both states' main concern (Ibid).

Interestingly, in this theoretical debate, theorists from both approaches recognize that states might simultaneously seek both relative gains and absolute gains. For instance, even Joseph Grieco, a neorealist, acknowledges that 'a state will focus both on its absolute and relative gains from cooperation'. By the same token, Duncan Snidal, a neoliberal institutionalist, argue that 'only in the very special case of the two-state interaction, with high concern for relative gains and near disregard for absolute gains, For a broad range of more realistic problems, States care about a mixture of absolute and relative gains. In other words, states have mixed motives – concern for both relative gains and absolute gains, which results in states' mixed policy behaviours, that is, competition and cooperation. Charles Lipson points out that even adversaries like the US and USSR in the Cold War signed treaties to put restraints on their arms race in order to avoid nuclear war – a joint gain for both sides. Not surprisingly, according to Charles Lipton, Nikita Khrushchev captured this complex mixture of motives in his comment about his relationship with John Kennedy: He was, so to speak, both my partner and my adversary'.

In accordance with this theoretical framework, that is, states' concerns about a mixture of relative and absolute gains lead to a mixture of states' competition and cooperation, the rest of this chapter explore in great length India's foreign policy towards China's Belt and Road Initiative (BRI) as well as how India's concerns about relative and absolute gains have shaped such policy.

Indian foreign policy towards China's BRI: Rejection and Competition

The concept of 'One Belt – the 'Economic Belt along the Silk Road' (aimed at reviving the ancient link between China and the Mediterranean through Central Asia) and 'One Road' – the 'Twenty-first Century Maritime Silk Road' (aimed at reviving economic connectivity between the Pacific and Indian Oceans and to link China's coastline with Southeast Asia, the Gulf and the eastern coast of Africa) was first put forward by Chinese President Xi Jinping in 2013. In November 2014, President Xi Jinping announced the acceleration of the planning process for the 'One Belt One Road' and to strengthen cooperation with the countries involved. In March 2015, Chinese three governmental organisations, namely the National Development and Reform Commission (NDRC), Ministry of Foreign Affairs, and Ministry of Commerce, jointly issued 'Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road', in which the Chinese government officially renames One Belt and One Road as 'The Belt and Road Initiative' and declares that the aim of the BRI is to 'promote the connectivity of Asian, European and African continents and their adjacent seas, establish and strengthen partnerships among the countries along the Belt and Road, set up all-dimensional, multi-tiered and composite connectivity networks, and realise diversified, independent, balanced and sustainable development in these countries'. Under the BRI, South Asia is an important part. So far China has already embarked on several projects in the South Asian region, including among others, the \$46 billion China-Pakistan Economic Corridor (CPEC) linking China's Kashgar to Pakistan's Gwadar and the Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC).

India has repeatedly employed its official rhetoric to show its reservations and concerns about and even rejection of China's Belt and Road Initiative (BRI) especially its China-Pakistan Economic Corridor (CPEC). For instance, during the first Raisina Dialogue in March 2016, some of the Indian official representatives explicitly stated their concerns about the BRI. Indian Foreign Minister S. Jaishankar, said that India would not join multilateral connectivity initiatives in Asia unless they were pursued through a consultative process, 'the interactive dynamic between strategic interests and connectivity initiatives – a universal proposition – is on particular display in our continent. The key issue is whether we will build our connectivity through consultative processes or more unilateral decisions'. S. Jaishankar regarded such kind of connectivity as having 'emerged as a theatre of present-day geopolitics. According to S. Jaishankar, the BRI, initiated by China's unilateral efforts, should be discouraged because 'in the absence of agreed security architecture in Asia', China's BRI 'could give rise to unnecessary competitiveness'.



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In the same vein, former Indian President Pranab Mukherjee stated in an interview with the Chinese official Xinhua News Agency before his China visit in May 2016, the BRI ‘should be governed by commonly agreed international norms and practices and should reflect’ the interest of all the concerned parties and ‘a better-connected Asia requires that all the countries consult together on determining the best way forward’. This official rhetoric against China’s BRI was reiterated by India’s foreign spokesperson in May 2017: ‘we are of firm belief that connectivity initiatives must be based on universally recognised international norms, good governance, rule of law, openness, transparency and equality. Connectivity initiatives 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. Connectivity projects must be pursued in a manner that respects sovereignty and territorial integrity.

Moreover, India has publicly expressed its rejection and opposition of the China-Pakistan Economic Corridor (CPEC). Specifically, after Chinese President Xi Jinping announced the CPEC during his visit to Pakistan in April 2015, former Indian External Affairs Minister Sushma Swaraj said in May 2015 at a press conference that ‘prime minister during his visit took up the issue very firmly and spoke very strongly that the CPEC going through Pakistan-occupied Kashmir (POK) is unacceptable’ (IANS, 2015). In the same vein, Indian External Affairs Ministry Spokesman Gopal Baglay said that ‘we are all for promoting connectivity.... but on the OBOR, our position is that since the so-called CPEC forms a part of OBOR, and it passes through Indian territory, that is where our difficulty lies’. During the 2016 GO-20 summit at Hangzhou (China), Indian Prime Minister Narendra Modi expressed India’s concerns over the CPEC in his bilateral meeting with Chinese President Xi Jinping, holding that the two countries needed to be ‘sensitive’ to each other’s strategic interests.

Apart from its diplomatic rhetoric rejection and opposition, India has been pursuing its own connectivity projects to compete with China’s BRI in general and its Maritime Silk Road (MSR) in particular. For instance, India has initiated its new maritime initiatives, such as the Project Mausam, the Spice Route, and the Cotton Route, with the aim of reviving the ancient routs of trade in the Indian Ocean. More specifically, in September 2014, that is, less than one year after China’s initiation of the BRI, India’s Prime Minister Narendra Modi launched the Project Mausam, aimed at reconnecting and further establishing communications among countries of the Indian Ocean Region (IOR), and enhancing understanding of cultural values and concerns. According to news commentary, ‘Project Mausam’, Indian initiative next to China’s Maritime Silk Road, would allow India to re-ignite trade partners and re-establish an “Indian Ocean World” along the littoral of the Indian Ocean’.

The Spice Route refers to the ancient network of sea routs connecting Asia, Far East, Europe and Africa, which has been revived by Kerala, a southern state of India (Ibid). The project re-establishes Kerala’s maritime trade relations with 31 countries which are associated with the ancient ‘Spice Route’. This initiative is supposed to help India not only witness a revival of culture, history and archaeological exchanges but also ‘promote sustainable, internationally competitive and responsible tourism’. Likewise, the Cotton Route, also aimed at countering China’s Maritime Silk Route, was initiated in March 2015 at an international conference titled ‘India and Indian Ocean: Renewing the Maritime Trade and Civilizational Linkage’ by India’s several ministers including former Minister of External Affairs Sushma Swaraj and former Defence Minister Manohar Parrikar. According to News Behind News, an Indian media outlet, the Cotton Route has two arms, that is, one arm is a North-South Corridor which would link India and Russia via Iran and another one is the construction of overland trade paths that run along the Indian Ocean rim in both Southeast Asia and East Africa.

In addition to these three projects, India’s Modi government has carried out so-called Act East Policy since 2014, an upgraded version of India’s Look East Policy initiated in 1991. Geographically, this policy extends beyond the Association of South East Asian Nations (ASEAN), with an emphasis on the Indo-Pacific, and it places ‘additional priority on security, connectivity and regional integration’. Under this policy, India has taken some concrete measures to enhance its connectivity. For instance, a Joint Task Force on Connectivity was established between India and ASEAN to expedite financing for physical and digital infrastructure projects. For another instance, a Transport Connectivity Working Group in 2016 was established to facilitate connections between existing regional forums such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), ASEAN and the South Asian Association for Regional Cooperation (SAARC). In addition, to enhance logistic efficiencies in the South Asian region, India has initiated cooperation under the framework of the Bangladesh-Bhutan-India-Nepal (BBIN).

Moreover, in order to facilitate its connectivity with the Central Asian region through Afghanistan and bypassing Pakistan, India has already built the Chabahar Port in Iran. In March 2015, India signed a memorandum of understanding with Iran to invest \$8.5 billion to renovate the Chabahar Port. The first phase of this port project was inaugurated in 2017.



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In addition to all those mentioned above, India has flatly rejected the BRI through its diplomatic measure, that is, India did not send a single representative to attend the first and second Belt and Road Forum (BRF) held in Beijing in May 2017 and April 2019 respectively. India has not only rhetorically rejected China's BRI but also initiated its own projects to counter the BRI. Moreover, India diplomatically boycotted China's Belt and Road Forum (BRF).

India has participated in the Bangladesh-China-India and Myanmar Economic Corridor (BCIM-EC) since the late 1990s. Originally, it was named as 'Kunming Initiative' – a track II and non-governmental initiative, with the aim to enhance sub-regional cooperation to stimulate the development of relatively backward regions stretching from Southwest China to Eastern India, passing through Bangladesh and Myanmar and India's Northeast region. This initiative had remained at the track-II and non-governmental level until May 2013 when a joint statement was issued by China and India at the end of Chinese Premier Li Keqiang's visit to India. In December 2013, a joint study group made up of Bangladesh, China, India and Myanmar met for the first time in Kunming and reached a plan to jointly launch this project so as to enhance economic cooperation, promote investment and trade facilities and people-to-people contact. This joint study group further discussed this project for the second time in December 2014 in Cox's Bazar in Bangladesh. However, this group had not held its third meeting until April 2017 in Kolkata in India.

Although India has seemed to be positive toward the BCIM-EC on paper, in practice, it has not put forward any concrete cooperative projects but merely emphasized the nature of the joint research on the BCIM-EC rather than its real development. According to a report issued by Chinese Academy of Macroeconomic Research, India rather than facilitating cooperation, has in fact taken measures to pressure Bangladesh not to carry out certain large-scale cooperative projects with China so as to obstruct China's entry into Bangladesh. Not surprisingly, some Chinese scholars point out that India's stalling tactic toward the BCIM-EC has made the corridor lack any real progress, so the prospect of the BCIM-EC might not be optimistic.

The fact that gains from BRI will tilt toward China has driven India to oppose and reject this initiative. It is well-known that China and India, two neighbouring countries, had once engaged in war in 1962 due to their border disputes, which have not been solved until now. It is no surprise that both states view each other a competitor or adversary so their bilateral ties are characterised by mutual mistrust. Moreover, in their bilateral rivalry, China has been in the upper-hand: economically, China's (GDP) is almost five times of India's; militarily, China's military expenditure is almost four times of India's; internationally, China is a UN Security Council Permanent Member, has persistently opposed the reform of the UNSC so as to prevent India from gaining the Permanent Membership. In addition, China has also opposed the Nuclear Suppliers Group (NSG), a multilateral nuclear export control regime, from granting India the membership. Against this backdrop, India has been very much concerned about relative gains that China might accrue through their joint cooperation under the Belt and Road Initiative.

For India, a non-consultative process in which China has been pursuing the BRI would only result in economic benefits for China itself rather than for all countries. The Belt and Road Initiative's blueprint clearly suggests that China is pursuing its own various objectives, including creating new corridors for import of natural resources by bypassing the Straits of Malacca, discovering new markets for overproduced Chinese goods stationing Chinese troops abroad for influence and presence operations, creating more employment opportunities for Chinese people and implicitly, reducing dissent at home, among others. However, India, being a major economic and military power, does not need to be a part of such Chinese grand designs especially when it is neither heavily dependent on China nor short of funds for its projects. Also, India cannot be expected to align with China – its major rival in its own grand designs to ensure its dominance on India's backyards.

More specifically, New Delhi concerns that Beijing might increase its influence and presence in its own backyards – the South Asian region and the Indian Ocean region through the China-Pakistan Economic Corridor (CPEC) – a flagship project of the Belt and Road Initiative (BRI). For New Delhi, if the Chinese were really concerned with improving connectivity with countries like India, Pakistan and Iran, there are two better options than the CPEC: one option is that it would have made better economic sense to pass the corridor via India administered Kashmir rather than Pakistan-occupied Kashmir (POK); another is that the Chinese could just have connected both the 'disputed' land in India as well as Pakistan, which would have also displayed the Chinese official policy of non-interference in the Kashmir dispute between India and Pakistan. However, Beijing implementing the CPEC rather than the other two options makes New Delhi ponder about Beijing's real intention in South Asia. According to New Delhi, the CPEC 'in effect cements the strategic ties between the two nations (China and Pakistan) even further'.

Moreover, New Delhi especially concerns about Gwadar Port – a flagship port project under the CPEC because this port provides China with both economic and strategic advantages after Pakistan awarded the operational contract of Gwadar port to China in February 2013. Economically, Gwadar port provides China with the shortest route to ship the oil and natural gas purchased from the



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Middle East through pipelines that bypass the US-dominated Malacca Straits. Thus, Gwadar will play an important role in enhancing China's energy security. Strategically, this port is regarded as a 'linchpin' for China's Belt and Road Initiative by providing its Maritime Silk Route with a link to the Arabian Sea. Accordingly, New Delhi worries that Gwadar would not only give Beijing a permanent navy presence in the Western Indian Ocean but also get easy access to the Arabian Sea, which would obviously undermine India's dominance in the Indian Ocean region. Not surprisingly, New Delhi has strongly opposed the China-Pakistan Economic Corridor.

Apart from Gwadar, Maritime Silk Route projects its linkages to the ports of Chittagong in Bangladesh, Colombo in Sri Lanka and Karachi in Pakistan, in addition to a deeper-water port and an especial economic zone in Kyauphyu in Myanmar. All of these ports developed in these littoral states along the India Ocean have been regarded by New Delhi as Beijing's 'string of pearls' strategy to encircle New Delhi, which would undercut, directly or indirectly, New Delhi's influence on those states. In this context, 'India fears that China's BRI are in essence an updated version of "the string of pearls" to contain the development of India and project China's naval power in the Indian Ocean', which would undermine India's security interests. For instance, India's former foreign secretary Shyam Saran in 2016 wrote that if China indeed succeeded in the economic and geopolitical aims behind the BRI, India may get 'consigned to the margins of both land and maritime Asia'. Thus, a news commentary straightforwardly points out that the reason for India to decline to participate in the BRI is that 'India sees the One Belt, One Road initiative as a zero-sum game, in which China wins. Simply put, India's concern about China's relative gains and its relative losses through the BRI makes it reluctant to cooperate with China on this initiative.

India's desires for absolute gains while worrying about China's relative gains have led India to stall the BCIM-EC. In terms of absolute gains, the development needs of India's North Eastern region by making it more integrated economically with its neighbouring countries have been the main motivation for India to participate in the BCIM-EC. More specifically, India's North East region comprises of eight states, namely Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. This region accounts for 8% of India's total territory and 3.7% of its total population, but this region has long been troubled by its backwardness and underdevelopment. Although the poverty ratio at India's national level has decreased significantly in the recent decade, a reverse trend has taken place in these North East states, that is, the poverty ratio has increased in several states in this region. These Indian states faces lot of problems related to its underdevelopment, such as insurgencies, ethnic clashes, drug and human trafficking and gun-running. Against this backdrop, India has prioritised development for this region. Accordingly, India has participated in the BCIM-EC more actively before it was included in the BRI because this corridor would horizontally cross its underdeveloped North East states and would significantly contribute to the development of this region's infrastructure.

However, after the BCIM-EC was included in China's BRI, India has begun to concern about the relative gains China might accrue through the corridor so India opposes China to incorporate it into China's BRI framework and insists that it should be independent of the BRI, and to be owned by the four countries (i.e., Bangladesh, China, India and Myanmar) rather than by China alone. Economically, India worries that China might gain more through the BCIM-EC since once this corridor opens up, Chinese cheap goods might infiltrate into the Indian market. In other words, India worries that China might dump its overproduced goods in the Indian market and therefore hurt India's own manufacturing industry. In fact, this concern has been one of the factors that has led the Indian government to close the Stilwell Road between India and China for decades. Territorially, India is concerned that China might gain advantages in their disputed territories. It is well-known that among those eight states in North East region, India and China have not solved their border disputes over Arunachal Pradesh, a territory claimed by China as its own, namely Southern Tibet. In this context, India has been facing the challenge of separation in its North East region so India has had to concern about the security and strategic implications of the BCIM-EC since it would enable China to expand its influence in this region. China has increasingly expanded its influence in India's North East region. Not surprisingly, India's concerns about Beijing's relative gains through the BCIM-EC in both territorial and economic terms have led it to stall any progress of this economic corridor.

For India, both China-Pakistan Economic Corridor and Bangladesh-China-India and Myanmar Economic Corridor under China's Belt and Road Initiative clearly show that China's intentions to expand its influence in India's own backyard – the South Asian region and the Indian Ocean region because despite China sharing huge land borders with India, it has only been willing to enter India via a third country such as Pakistan, Bangladesh or Nepal rather than creating a direct corridor to India. Moreover, for India, the Chinese clearly understand creating a direct corridor to India would make its disputed borders with India virtually undisputed (like Nathula, where opening the border market ultimately made China recognise Sikkim as India's territory later on), a cost China is not willing to pay now. Thus, out of its concerns about China's relative gains in its own backyards through the Belt and Road Initiative, India chooses to oppose and compete with it.



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Conclusion

Indian foreign policy towards China's Belt and Road Initiative is pragmatic. This pragmatism is guided purely by its own national interest. This chapter employs an international relations theoretical framework – a combination of both relative and absolute gains – to account for India's such a pragmatic foreign policy towards China. According to this analytical framework, states seek a mixture of both relative and absolute gains, which leads to a mixture of states' policy behaviour, namely, both competition and cooperation. In accordance with this theoretical framework, India's rejection and competition of China's Belt and Road Initiative can be attributed to India's concerns about China's relative gains, that is, China's increased influence and presence in India's own back yards – the South Asia and the Indian Ocean, which would significantly undermine India's dominance in these two regions. India's stalling tactic toward the BCIM-EC can be explained by the fact that although India can gain absolute gains in terms of developing its underdeveloped North Eastern region through this economic corridor, it still worries about China's expansion of its influence in this region where both countries still have border disputes. Thus, Indian foreign policy toward China's BRI is apparently based on its rational cost-and-benefit calculations so as to minimise its geopolitical costs in its own backyards while maximizing its economic and status benefits.

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