

# India and China's 'One Belt, One Road' Initiative

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## Abstract

*India's response to China's 'new Silk Roads' or 'One Belt, One Road' Initiative is a good example of the problems that beset the India-China relationship. Neither country has quite managed to put in the effort required to pull their bilateral ties out of the deep freeze of suspicion and distrust that came about as a result of the conflict of 1962. And with China's economic and political rise in addition to its military build-up, doubts about Chinese intentions vis-à-vis India and its South Asian neighbourhood have grown even if India too is growing and gaining economically including through its economic relationship with China.*

*This article examines the 'One Belt, One Road' Initiative and the reasons why it creates concerns in India. It looks at India's response and the weaknesses of that response before examining two cases of Pakistan and the Indian Ocean in the context of 'One Belt, One Road' Initiative and the India-China relationship.*

## Resumo

**A Índia Face à Iniciativa 'One Belt, One Road' da China**

A resposta da Índia às 'novas Rotas da Seda' ou à Iniciativa da China 'One Belt, One Road' é um bom exemplo dos problemas que pautam as relações entre os dois países. Nenhum deles ainda logrou empenhar-se num esforço capaz de descongelar as relações bilaterais caracterizadas por suspeitas e desconfianças resultantes do conflito militar de 1962. Com a ascensão económica e política da China, reforçada pelo seu programa de modernização militar, dúvidas crescentes existem sobre as suas intenções face à Índia e aos países seus vizinhos apesar do crescimento indiano, em parte graças à sua relação económica com a China.

Este artigo analisa a Iniciativa 'One Belt, One Road' e as preocupações que ela gera na Índia. Descreve a resposta da Índia bem como as suas debilidades, antes de examinar os casos do Paquistão e do Oceano Índico no contexto da Iniciativa 'One Belt, One Road' e o respetivo impacto nas relações Indo-Chinesas.

The modern history of Sino-Indian relations is marked – or marred, perhaps one should say – by the brief border conflict of 1962, now already over 50 years old, and which ended in defeat for India. As the weaker of the two powers – from an economic perspective, in terms of military hardware and acquisitions and seemingly also from the point of view of regional and global political clout – India has been extremely wary in the presence of Chinese foreign and security policy manoeuvres. Things have not been helped either by post-1962 history and close China-Pakistan ties – including the nuclear arming of Pakistan and the reluctance to criticize it for its role in fomenting terrorism in India – and the slow pace of negotiations on the boundary dispute.

Nevertheless, China continues to rise and India too, and the two countries must deal with each other not only the best they can but with a sense of mutual responsibility towards their own populations and the rest of the world. The social well-being and economic prosperity of a third of the world's population is not a light responsibility and requires the two governments to cooperate, if anything, more intensely than they have hitherto in the fields of poverty alleviation, clean energy, infrastructure development, protecting the global commons and the like.

The level of mutual trust required for such efforts however, is far from adequate and China's launch of the 'One Belt, One Road' Initiative – an ostensibly economic initiative but with politico-strategic implications writ large – is the latest instance where the two countries have found themselves unable to communicate clearly and effectively for the greater good.

### **'One Belt, One Road' Initiative**

China's Communist Party (CCP) General Secretary and Chinese President Xi Jinping announced the Silk Road Economic Belt (*sichouzhilu jingjidai*) in September 2013 during a visit to Kazakhstan (PRC Ministry of Foreign Affairs, 2013) and the Maritime Silk Road (*haishang sichouzhilu*) during his visit to Indonesia, the following month (Wu and Zhang 2013). The two Initiatives – collectively termed the 'One Belt, One Road' (*yidai yilu*, OBOR) – taken together with his declaration of a new neighborhood policy in October 2013 (Xinhua, 2013) – constitute a major Chinese foreign policy initiative. It is designed not just to increase China's influence, but also to put forward a new way of doing business, different from the Western/American approaches, while assuaging fears of an impending Chinese regional and global hegemony.

The OBOR also has a very strong domestic logic. It is in essence a project to transfer abroad China's excess of capital, infrastructure capacity, and polluting industries. China, of course, does not have a choice in the matter given the problems of local government debt due to unsustainable GDP-boosting infrastructure development

over the last decades and the huge environmental crisis it faces today. However, Beijing does have a choice about how and where it will employ its capital and capacity, for there is simultaneously a demand across not just the developing world in Asia, Africa or Latin America but also in the developed world that only China, at the moment, appears both willing and able to meet. In this context, India provides the biggest demand for such Chinese economic investments and infrastructure capacity, anywhere in the world and hence, the OBOR is of no small consequence for New Delhi.

The OBOR, however, is not simply economic in nature but also about converting Chinese economic might into diplomatic and political advantages. Thus, even as China faces international heat on a number of territorial disputes, it has simultaneously tried to engage with its neighborhood and overcome suspicions by promoting people-to-people contacts and media management. Beijing is providing thousands of scholarships to foreign students and sending its media personnel and researchers across the world to learn how it can do better and to construct positive narratives about China.

The OBOR is not a short-term effort and it is designed to be the overarching framework of Chinese foreign policy under the Xi Jinping leadership. It builds on the economic reforms and opening up legacy of Deng Xiaoping and the military modernization, indigenous technological development and strengthening of strategic sectors and enterprises in the economy under his successors. The OBOR is a legacy issue for Xi that will be relentlessly promoted by the Chinese leadership with all instruments at its command. Indifference or opposition, such as the kind that India seems to represent, will likely be viewed in Beijing as an unfriendly act. However, what exactly is defined as a success under the OBOR and how exactly it will go about achieving it, is probably not clear even to the Chinese. And this is a reality that Indian policymakers and many analysts do not seem to have realized while expressing their concerns and fears about China's initiative.

In other words, the OBOR is not exactly a grand Chinese strategy though it comes pretty close. What the Chinese have done – pushed by structural economic imbalances at home and the need to take charge of reshaping their external environment – is simply displaying both creativity and willingness to take risks by wrapping its national interests in the form of a grand economic plan for its wider neighborhood. This is a plan that can and will change and adapt to the circumstances. Thus, participation in the OBOR also offers opportunities for other countries, including India, to themselves shape Chinese actions and narratives.

### **The View from New Delhi**

India, however, appears to be waiting for greater 'clarity' from the Chinese establishment on what the actual contours of OBOR are – this despite several commu-

nications from Beijing on the subject, including during high-level visits, and if nothing else in Xi Jinping's major statement at the 2015 Boao Forum in Hainan island (Xi Jinping, 2015). Nevertheless, India is not just any country in China's neighborhood and Beijing does not seem to have invested enough effort into convincing Indian policymakers of both China's good intentions and its willingness to see India as an important player in Asia and the world in its own right. For the moment, the impression India gets from the Chinese, especially at academic or think-tank interactions, is that it does not count for much in Beijing's calculations and can be ignored at China and the United States talk shops. This is without doubt reflective of attitudes within China's foreign policy and other top decision-making establishments.

Certainly, India was not consulted by the Chinese when they launched the Silk Road Economic Belt and the Maritime Silk Road both in India's immediate neighborhood, with the latter at least showing India as part of it in maps put out by China's official news agency, Xinhua.<sup>1</sup> However, Liu Youfa, Chinese Consul-General in Mumbai, India, until early 2015, has suggested that it was because the time between policy announcements in Kazakhstan (on the Silk Road Economic Belt) and Indonesia (about the Maritime Silk Road), was too short and hence, it was not possible to hold consultations with India. Yang Jiemian, former head of the Shanghai Institute of International Studies gives a more plausible answer in the form of a question, asking what if the Chinese proposed the new Silk Roads to India, and India said no? He also pointed out that China had also not consulted with Vladimir Putin in Russia before the announcement of the Silk Road Economic Belt.<sup>2</sup>

Whether or not there was any intention to consult India, this backs other accounts by Chinese scholars who say that they were by and large taken by surprise by these major initiatives announced by President Xi Jinping on foreign soil. In any case, Liu insists that when the Chinese meet Indian policymakers, OBOR is definitely an item on the agenda. This stands in contrast to what Indian foreign ministry officials themselves say – that the Chinese have not discussed OBOR with India in any substantial manner. It might be the case that both sides are correct – the Chinese raise the subject but are unwilling or unable to provide any more details on an Initiative that they think is still a work in progress.

Why however, should China consult India or anybody else on what is after all its own initiative and which remains open for others to join if they wish to? The fact that the Chinese are trying to defend themselves on this question might be a case of

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1 For a copy of the map see Dickey (2014).

2 Both these statements were made at a conference in Shanghai titled, *The Political Economy of China's Maritime Silk Road Initiative and South Asia* at the East China Normal University, in mid-November 2015.

their trying to give the impression that they are solicitous of the concerns of other countries, especially major powers like India, when, in fact, they are not and would have gone ahead with the Initiative one way or the other. And despite the Indian foreign ministry's grouses, it needs to be noted that India did join the Asian Infrastructure Investment Bank, another Chinese initiative on which, too, it was likely not consulted prior to the announcement.

### *China's Reinterpretation of History*

At the moment, the view from New Delhi is that China's OBOR Initiative is about consolidating Chinese leadership in the region, particularly in opposition to the United States. Thus, there are questions in India when China stresses both greater economic integration with the neighborhood and its determination to defend its 'core interests'. The latter, referring to issues of sovereignty and territory, is, of course, a normal consideration for all countries, including India, but China's formulations at the moment are not entirely free of ambiguities about the use of its greater economic and military might vis-à-vis its smaller, weaker neighbors. Together, these developments seem to constitute the beginnings of a form of Chinese hegemony, what this author has called elsewhere, a new form of *tianxia* – an ancient Chinese concept that placed China at the centre of the universe and all the rest of the world under it in an order of hierarchy.<sup>3</sup> Indeed, this Chinese historical conception appears more appropriate to understanding China's foreign policy intentions – political, military and economic – than what the expression, 'Silk Road', can convey.

From a historical perspective, the 'Silk' in the Silk Roads while referring to a Chinese product should not lead to the interpretation that the road itself was Chinese. This is far from being historically true but this reality is generally elided in Chinese conferences on the subject. In fact, it was the many ethnic groups of Central Asia and West Asia who constituted the trading communities linking China with the rest of the world, carrying European, Indian and West Asian products to China and Chinese products to other regions (Silk Routes.net., n.d.). It also needs to be remembered that cotton from India has an equally long history of being traded along the ancient trade routes as silk, if not even longer. While it is well-known that the name 'Silk Road' was originally coined by the German explorer Ferdinand von Richthofen only in the late 19<sup>th</sup> century less known is the fact that his explorations and studies also covered the spread of Buddhism from India into China along these Silk Roads (Waugh, 2007). Thus, China's modern reconstitution of the Silk Roads cannot stay true to their legacy if its government does not acknowledged that they were

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3 For more on this framework for explanation of China's OBOR strategy, see Jacob (2015).

also both a means and a metaphor for the exchange of ideas and dialogue between peoples and communities, and heavily involving India, too. In fact, Indian Prime Minister Narendra Modi has laid stress on this cultural dimension of Sino-Indian ties, including the Buddhist connection during his interactions with Chinese leaders. This might constitute one kind of Indian response to the OBOR, even as Modi visited Xian – considered the start of the ancient Silk Road – during his first state visit to China as Prime Minister in May 2015.

Similarly, the historical basis that Chinese commentators seem to find for the Maritime Silk Road might not be all that sound or at the very least might just as well be true of other nomenclature for ancient maritime routes. For example, the Maritime Silk Road might just as well be called the Maritime Spice Road, referring to Indian products that also found transport to distant markets in China, Southeast Asia and Europe in history. Here too, it was mainly Arab and Indian traders who connected China and Southeast Asia with India, West Asia and Africa in the past.

Clearly, the OBOR initiative offers huge potential for cooperation between China and India and for the two countries to develop their relations with third countries. The question for New Delhi is simple – how willing is China to acknowledge India's historical role and influence in the areas it now seeks to service through the OBOR initiative? How capable is China of understanding Indian interests and sensitivities on both the Asian landmass and in Asian waters? The 'Asian Century', after all, will have to be one in which both India and China have to work together – and not just with each other but also together with their neighbors – to establish, if it is to be truly a source of peace, development and prosperity for its peoples.

### *Indian Responses*

While there are important voices in India arguing for its participation in the OBOR, whether actively or by picking and choosing those projects that suit its national interests (Saran, 2015), the Indian government has, by and large, remained aloof and reticent on the OBOR. In fact, India has had widely differing responses to the OBOR and the Asian Infrastructure Investment Bank, which the Chinese consider very much part of their OBOR framework – a cold shoulder to the former and a founding member in the latter.

First, the justification given in New Delhi is that unlike the Asian Infrastructure Investment Bank which displayed a specific purpose, utility and structure, the OBOR seemed to possess more form than substance or clear objectives, there was little against which it could be compared or measured. This distinction forgets, of course, the fact that even the Asian Infrastructure Investment Bank appeared to not have been very warmly welcomed by New Delhi – it sent only a middle-ranking bureaucrat to the first meeting of the founding members which was otherwise attended by ministers and heads of state (The Indian Express, 2014).

Further, Indian policymakers might also ask themselves what is to become of the BRICS New Development Bank set up in 2014 and for which they fought long to create mechanisms to balance China in the decision-making process, and which presently has an Indian as its head sitting in the headquarters in Shanghai. The BRICS nations, including even far-away Brazil, are also members of the Asian Infrastructure Investment Bank, possibly undercutting the relevance of the BRICS bank.

Next, waiting for greater clarity on an initiative that the Chinese have spared no effort to promote since 2013, speaks of laziness, at best or an inability to comprehend the scale of Chinese ambitions, at worst. If India's diplomats and analysts were really watching closely and participating in the numerous conferences the Chinese themselves were organizing on the subject, they should have figured out sooner that the Chinese were not going to let the ball drop on OBOR. Indian indifference or churlishness should simply not have been an option.

Third, given how the Chinese were going about literally rewriting or modifying history to create a positive narrative about the 'new Silk Roads', Indian observers should have understood faster the seriousness of the Chinese project and the need to respond to it quickly. Coming from a great civilization themselves and as inheritors of long history of trade and cultural contact with the other countries, it is only India that can challenge the Chinese narrative of the 'Silk Roads' being exclusively Chinese and its ignoring of the contributions made by other ethnic groups and civilizations.

The Indian response, such as it has been, can perhaps be explained as the result of a vicious cycle of its own making.

There simply are not enough Indian diplomats and analysts watching China full-time. Area and foreign language studies are famously underfunded in India. At least a decade's worth of committees and plans to expand the Indian Foreign Service have yielded little or no gains. India's Ministry of External Affairs is 4,000-odd strong of which only less than a quarter are actually of the Indian Foreign Service officer cadre. Lateral entry of experts from both within and outside the government remains limited or actively opposed.<sup>4</sup> India is, therefore, unable to act and respond quickly, leave alone come up with initiatives. This inability is then covered up by suggesting that the Chinese are not to be trusted, that India has nothing to gain from their plans, and so on. In the process, India loses the opportunity to challenge and/or influence the Chinese agenda.

Meanwhile, India's project Mausam Initiative which has been touted as a strategic response to China's OBOR (Parashar, 2014) is in fact, merely a cultural outreach

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4 By contrast, the Chinese Ministry of Foreign Affairs which is presently some 6,000 strong has plans to expand to about 15,000 by 2020. It is also far more open to integrating military officers, scholars and other experts from outside into diplomatic activities and missions abroad.

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programme begun in mid-2014 focused on archaeological surveys and digs in the Indian Ocean littorals (Press Information Bureau, GoI, 2014).

Another problem currently might be that the BJP's historical and cultural agenda is largely directed inwards rather than outwards; even directing it at non-resident Indians abroad counts as an inward-looking agenda. Further, reinterpretations of history do not always find traction outside a country's borders where other competing narratives exist. China, too, faces this problem but has managed to deal with it by a nimble-footed reliance on backing its attempts with economic largesse in its neighborhood and because India has not yet offered challenge. For instance, India's own great maritime traditions under the Pallava and Chola dynasties of its south, could challenge China's Maritime Silk Road narratives in Southeast Asia. But this maritime history is something that even educated Indians are largely unaware of.

### **OBOR and India's South Asian Neighbourhood**

The OBOR initiative has several implications for China's immediate neighborhood that includes India. The Silk Road Economic Belt connecting China with Central Asia and onwards to Europe with Xinjiang at its core is of a piece with similar initiatives such as the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor and the China-Pakistan Economic Corridor (CPEC). Along all three economic corridors India is a directly or indirectly influential presence. In the case of the BCIM Economic Corridor, India is a formal member. It needs to be noted however that while the Chinese have now placed the BCIM Economic Corridor within the OBOR framework, the Indians do not see it as such. The CPEC meanwhile, will inevitably have to develop and draw on connections with the large Indian market in order to reach its full economic potential.

It would seem to be the case that China's poorer, weaker neighbors whose economies are rather closely tied to that of the Chinese or hoping to develop such ties – including India's neighbors in South Asia – or those countries that are too far away to feel threatened by China's foreign policy goals are more easily persuaded than India by China's foreign policy rhetoric on the OBOR. China's diplomats and scholars use figures for trade volumes and potential increases that come from doing business with China under the OBOR while also subtly and not so subtly conveying messages about American hegemony in the neighborhood and its proclivity for conflict and how Chinese presence would be completely different in nature, or 'win-win' as they put it. The picture fits in also in the South Asian context where its neighbors view India as the hegemon. Issues such as trade deficits these countries run with China or cheap and defective Chinese goods are brushed away as phenomenon that will disappear as economic linkages with China grow and it scales up its economic structure to enter higher-end manufacturing and adopts more environment-friendly policies.



In this regard – and with significant implications for India – it is possible that the near unseemly haste with which China announced its huge US\$46 billion investment package in Pakistan under the rubric of the CPEC is as much a marketing ploy as it is about a strong Sino-Pak relationship. In other words, China needed a showcase nation that could be a test-bed for its OBOR in action while also being capable of suppressing domestic dissent and providing fast clearances for projects. A few projects in Pakistan quickly completed or properly advertised as being successful will also give the impression that if the Chinese can do this in a country as unstable and insecure as Pakistan, imagine what they could do in countries with greater stability and better governance.

The other significant area of operation of the OBOR that India is watching cautiously is the maritime dimension. The Maritime Silk Road has, like its land-based counterpart, sought to bring in existing sea routes and connections under its single rubric and in effect, provides additional reasons for China's ever-expanding maritime presence. While statements emanating out of China that the Indian Ocean was 'not India's ocean' are not new, they seem to have picked up in tempo and volume since the announcement of the Maritime Silk Road.

The following sub-sections will look at Pakistan and the Indian Ocean in more detail from the perspective of OBOR and the India-China relationship.

### *Pakistan*

Pakistan's infrastructure currently is woefully inadequate and its economy short of maturity to develop and provide the returns that Chinese investors seek. Even if political stability through economic development within Pakistan were the objective, this could be achieved much faster and sustainably through an opening up to the Indian economy. Pakistan could thus avoid the roundabout and wasteful current situation of routing Indian imports through third-countries instead of receiving them directly over its land borders and direct sea links with India. As Pakistan's Minister of Finance and Revenue Mohammad Ishaq Dar has himself noted while praising China's Silk Road projects, 'international trade is the only option to sustain economic growth and development' (Zhang, 2014). At least one Pakistani commentator has, in fact, conflated the Silk Road Economic Belt with a 'China-Pakistan-Afghanistan-India Economic Corridor' and the Maritime Silk Road with the 'China-Myanmar-Bangladesh-India sea route' (Abrar, 2015). According to official Chinese sources, too, the Silk Road Economic Belt through Xinjiang and Central Asia is seen as having a population of 'nearly 3 billion' (see for example, Deng, 2013) and therefore, must also include India in its calculations. It seems clear thus, that the Chinese government and its state-owned and private enterprises must see the benefits of including India as part of any long-term and sustainable Silk Roads strategy.

China, more so than India, seems to have understood the fact that while Pakistani state institutions necessary for public welfare are weak, those facets that are capable of creating regional discord and instability have always been and continue to remain strong. This reality damages not only Indian security interests but potentially, also Chinese national interests. It has therefore, through the CPEC tried to reorder priorities in its 'all-weather' friendship with Pakistan. Can New Delhi afford to be any less ambitious?

India must also recalibrate its own approach to the Sino-Pakistani relationship. Indeed, the new turn in China-Pakistan ties under the rubric of the OBOR/CPEC is something that puts pressure on New Delhi to initiate breakthroughs in its own policy towards Pakistan and in this sense, the Chinese might be doing India a favor. Indeed, Prime Minister Modi's stopover in Lahore *en route* to India from Afghanistan in late December – the first visit by an Indian Prime Minister in 11 years and something arranged at short notice and in great secrecy (The Times of India, 2015) – might also be interpreted at least partly as being the result of a need to respond to China's creativity and risk-taking.

For Beijing to give greater weight to Indian concerns and to stop deferring to Islamabad, India must also be seen by both the Chinese and the Pakistanis as being reasonable and accommodating. New Delhi could start by dialing down its noise on the fact that the CPEC passes through Pakistan-Occupied Kashmir. Instead, Prime Minister Modi could, without prejudice to India's position on Kashmir, cultivate important constituencies in both neighbors by declaring his government's openness to connecting the Indian economy with the CPEC.

While neither the Pakistanis nor the Chinese have given any indication that they are interested in such a possibility, China's state-owned enterprises (SOEs) will certainly be looking for quicker returns than the Pakistanis can provide. Chinese SOEs are a politically powerful interest group within the CPC and under pressure at home both from the anti-corruption drive as well as turbulence in the domestic economy. Going abroad is therefore, an escape in more ways than one and despite Sino-Indian tensions, they are aware that the Indian market is the real prize in China's much vaunted 'One Belt, One Road' Initiative.

Pakistan then remains an opportunity for India that can be mediated through China's OBOR. An improving Sino-Indian relationship expands the definition of 'strategic goods' for the Chinese in their relationship with the Pakistanis from just deliverables on the military side.

However, there is another implication of the above discussion on the possible Chinese motivations for the China-Pakistan Economic Corridor, namely that the Chinese might not have infinite patience for Pakistan. Yang Jiemin has, in fact, noted the need on the Chinese side to show results 'immediately'. The Chinese scholar Shi Yinong, meanwhile, has remarked that Chinese SOEs, in fact, 'secretly worry about

profits<sup>5</sup> in Pakistan suggesting that they are there under central government duress. All told, Beijing probably realizes that the CPEC by itself cannot change Pakistan's domestic security situation any time soon and so a few key or prominent projects done, they might decide to get out of Pakistan or more likely go slow or halt CPEC projects citing security problems. They, however, cannot be blamed for not trying. If this is the case, then both New Delhi and Islamabad have cause to be worried. India, because Pakistan's stabilization is a long-term effort and can only benefit Indian interests. Pakistan, because this is another opportunity lost to place economic development and social stability at the heart of the Pakistani state's primary goals as opposed to fomenting terror and instability outside its borders. The Chinese have nothing to lose for now from a continuing cycle of Indo-Pak confrontation over issues of religion or territory which is exacerbated because of under-development and thus also the lack of domestic credibility for Pakistani rulers. This realization however should also push both India and Pakistan to talk to each other more and see if they cannot create a virtuous cycle in which stability in their ties and promotion of economic exchanges, allow Pakistan to concentrate on improving security at home and thus, keeping the Chinese interested in the CPEC. It might be noted here that at least one Chinese scholar has stated that it was not the case that China did not want to connect the CPEC with India but that it feared that India would not be welcoming of the Chinese suggestion or initiative.<sup>6</sup> Another Chinese scholar also suggested that it India also had the opportunity to upgrade the quality of the CPEC initiative.<sup>7</sup>

### **The Indian Ocean**

The Maritime Silk Road from China to its west is envisaged as touching important Indian cities on its way to West Asia and. In addition, of course, Southeast Asia through which the Maritime Silk Road will first traverse before entering the Indian Ocean is an area of long-standing historical and cultural ties to India in addition to ever-growing political and economic linkages. While New Delhi makes no claim to the Indian Ocean being India's ocean, the Maritime Silk Road will inevitably depend on Indian resources for order and protection if it is to function smoothly, safely and successfully.

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5 Both remarks were made a conference in Shanghai titled, *The Political Economy of China's Maritime Silk Road Initiative and South Asia* at the East China Normal University, in mid-November 2015. Shi's views were echoed by another Chinese scholar at a conference in New Delhi, involving the India's National Maritime Foundation and China's Academy for World Watch held in New Delhi on 30 November 2015.

6 At a discussion at the Shanghai Institute of International Studies on 27 November 2015.

7 At a discussion at the Shanghai Institute of International Studies on 27 November 2015.

Meanwhile, China is clearly looking to develop a two-ocean presence as part of its ambitions of being a global superpower. To this end, a robust presence in the Indian Ocean is *sine qua non* for China and Beijing realizes that the island countries of Sri Lanka and the Maldives will be crucial cogs in this strategy. In fact, given Pakistan's problems and the CPEC long gestation period, it is likely China's multiple smaller-scale projects in the islands might be the more serious long-term threat to Indian interests. One could well ask if the CPEC is not merely a Chinese feint to draw attention away from its more significant actions elsewhere.

Indeed, Sino-Sri Lankan and Sino-Maldivian maritime cooperation must cause the Indian government some considerable anxiety. The sudden appearance of a Chinese submarine at Colombo in September 2014 followed by another one some weeks later caused consternation in New Delhi (Aneez and Sirilal, 2014). To a specific question asking him to explain the presence of Chinese submarines in Sri Lanka, Yang Jiemian put forward four reasons – anti-piracy, countering terrorists and extremists, dealing with natural disasters and because China needed 'to build up our naval forces along with the general development of our economy' – in that order. Yang specifically mentioned the case of how the terrorists responsible for the Mumbai 26/11 attacks came through the sea.<sup>8</sup> However, it is not clear what role actually submarines would play in the case of the first three objectives; most Indian and foreign naval experts at least are dismissive of these reasons for a Chinese submarine presence in the Indian Ocean. This is not to say that the last reason is not valid but the order in which the reasons were presented gives rise to doubt about China's true intentions as it promotes the Maritime Silk Road in India's neighborhood.

Meanwhile, in July 2015, the Maldives passed a constitutional amendment making it legal for foreigners to buy land. Earlier, foreigners could only lease land up to 99 years. Moreover, under the new amendment, foreigners who wish to purchase land must invest over US\$1 billion and 70 per cent of the land should be reclaimed from the sea (South China Morning Post, 2015).

While the Maldives has the right to attract large-scale foreign investment to promote its economic development, the new law also fits in neatly with capabilities that China more than any other country at the moment possesses in ample measure. For instance, China has both private individuals and enterprises – including state-owned ones – that possess the kind of money to meet the conditions set by Male. Further, given Chinese expertise at reclamation – note the rapid pace of reclamation by Chinese vessels in the disputed waters of the South China Sea, for example – the reclamation clause is practically an open invitation to the Chinese to take

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8 At the conference titled, *The Political Economy of China's Maritime Silk Road Initiative and South Asia* at the East China Normal University, 20 November 2015.

possession of territory in the middle of the Indian Ocean even if Male will exercise sovereignty. Conveniently, such infrastructure development also happens to be part of the OBOR strategy of promoting regional economic development.

There is a point of view that the Chinese People's Liberation Army has not been very involved in the formulation of the OBOR strategic initiative and that, at least for the moment, it is largely an economic initiative albeit with important diplomatic goals and potential political consequences. Nevertheless, if one takes into account the history of China's expansion of its interests, as in the case of its gradual deployment of combat troops in UN peacekeeping operations, its movement from simple territorial claims in the South China Sea to active patrolling and construction activity there and, from saying it would not ever seek military bases overseas, its acquisition of a supply outpost in Djibouti (Perlez and Buckley, 2015), reasons will be found soon enough for the People's Liberation Army to be involved in OBOR in the name of safeguarding national security and development interests. In fact, there appears to be a mutually reinforcing relationship between China's anti-piracy patrols in the Indian Ocean and the Maritime Silk Road strategy.

From the Indian point of view, it is well understood that China has a right to use the Indian Ocean for peaceful purposes just like any other nation. The Indian military establishment has an open mind on, and even welcomes, greater Chinese participation in the provision of public goods such as in the case of the anti-piracy operations. However, lack of transparency or of adequate justification on issues such as the submarine visits to Sri Lanka or Pakistan throw a spanner in the works as far as building trust on China's Maritime Silk Road specifically and OBOR in general, goes. It needs to be noted further that the maritime dimension is an area that involves two armed services that have hitherto had no history of conflict or confrontation and therefore could be a useful opportunity for a fresh start in India-China relations. However, the fact is that India and China have been talking of holding a maritime dialogue since 2012 but this has yet to see the light of day some three years later. This in turn suggests that the two countries prefer to let suspicion rule rather than creating a better understanding of each other's sensitivities in the maritime domain.

### **Conclusion**

It is often difficult to ascertain whether any country has a grand strategic vision that animates its foreign policy but China's 'new Silk Roads' Initiative might be the closest to such a strategic blueprint. It is a foreign policy project of a scale and scope unlike any other that China has hitherto undertaken.

Responding to concerns and criticism over OBOR from India or the developed West, China has naturally highlighted its economic benefits but it has also not been shy of suggesting these countries have hegemonic intentions and pointing out their

failures of policy and propensity to create conflict in different parts of the world. The Chinese argue in the case of India that it does not have the capacity to drive forward even its own internal infrastructure development and so why should New Delhi object to Chinese investments elsewhere in South Asia?

This Chinese assertion is not far off the mark – it is doubtful that Indian enterprises have the capacity to plug into the Maritime Silk Road even if they wanted to, since India in reality falls short sometimes even in the basic infrastructure and logistics required to support them. While China's rise has been led by or supported by its SOEs, in India's case, traditionally there is very little support that the government and India's largely private sector have provided each other. Sometimes, like Chinese SOEs, Indian public sector enterprises have, in fact, to be dragged in most unwillingly into difficult areas even if the country's strategic interests demand it, but unlike the former, Indian public sector enterprises have even less incentive to see opportunities in far-away lands. The Chinese appear to be aware of this reality as also of the structural weaknesses of India's foreign policymaking establishment.

It is evident then that India faces a new strategic challenge in its relations with China with the latter's OBOR Initiative. Given the reinterpretation, rewriting even, of historical facts that China's OBOR Initiative involves, India is wary of joining in. However, given also the potential of the Chinese initiative to transform the economic, and possibly, the political landscape of Asia, it must seriously consider if staying out is an option. Rather, despite its shortcomings in terms of capabilities and resources, or perhaps because of them, it becomes all the more imperative that New Delhi both engage and balance China and, attempt to influence and shape Chinese responses. This is a role, many Asian nations are actually hoping India will play.

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