

# China's Belt and Road Initiative in South Asia and beyond: Apprehensions, Risks and Opportunities

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## Abstract

*Since its official launching in 2013, China's transcontinental Belt and Road Initiative (BRI) has remained under significant focus in media, policy think-tanks and academia around the world. While some countries view China as a major development partner under the BRI, others are apprehensive of the rising role of Beijing. Drawing on policy documents, reports of national and international organizations and available literature on the subject, this paper aims at unpacking two main aspects of the BRI; the socio-economic prospects as well as geopolitical implications of the BRI for major South Asian countries where China is emerging as an important development actor. Second, response of the major global powers and actors in Europe, Africa and Central Asia, such as, key South Asian countries Pakistan and India. Their key expectations as well as reservations are also of major concern. The paper argues that unprecedented Chinese investment under the BRI in these regions has not only huge socio-economic potentials but it also has geopolitical and security implications (as in the case of Pakistan-India relations in South Asia). The paper concludes that for harvesting true potential of the BRI through new vistas of trade and connectivity for participating nations, China should work more closely with countries having antagonistic stance towards the BRI and should take measures to ensure international norms and inclusiveness of the initiative.*

**Keywords:** BRI, China, Pakistan, India, South Asia

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## Introduction

**D**uring his official trip to Kazakhstan in 2013, Chinese President Xi Jinping elaborated his notion of the Belt and Road Initiative (BRI) aimed at reviving the old trade routes connecting China with Asia, Europe and Africa. Expected to cover about 65 countries and to reach “more than 60 per cent of the global population, accounting for nearly a third of global Gross Domestic Product (GDP) and global merchandise trade and 75 per cent of its known energy reserves,”<sup>1</sup> the BRI is thought to be one of the most ambitious undertakings of the millennium. Some estimates suggest that “at \$ 1.4 trillion and still growing, China’s stated financial commitment to these projects is eleven times the size of the Marshall Plan, restated in Dollars.”<sup>2</sup> After sharing the idea in 2013, followed by its official launching in 2015, with the release of the BRI blueprint document ‘Vision and Action’ by the National Development and Reform Commission (NDRC), Ministry of Foreign Affairs and the Ministry of Commerce, with the State Council authorization, no other policy initiative has attracted so much attention at home and abroad than Xi’s ambitious foreign and economic policy plan. For example, according to Mayer, in China alone, over a hundred institutes have formed a special BRI think tank alliance and the academic research on this subject has been significantly expanding.<sup>3</sup> In view of this, the same author has further stated that there is a broader consensus that the BRI is arguably “the first Chinese concept that has a lasting impact on international discourse.”<sup>4</sup>

Keeping in view the size and scope of the initiative, which aims to fund communication and infrastructure projects in Asia, Africa and Europe, there are mixed signals from different power corridors. Some countries

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<sup>1</sup> Ilan Alon, Wenxian Zhang, and Christoph Lattemann, introduction to *China's Belt and Road Initiative: Changing the Rules of Globalization*, by Wenxian Zhang,

Ilan Alon, and Christoph Lattemann (Switzerland: Palgrave Macmillan, 2018).

<sup>2</sup> Xiaohua Yang et al., "One Belt, One Road, One World: Where is US Business Connectivity?" in *China's Belt and Road Initiative*, ed. Zhang W., Alon I., Lattemann C. (Switzerland: Palgrave Macmillan, 2018).

<sup>3</sup> M. Mayer, "China's Rise as Eurasian Power: The Revival of the Silk Road and Its Consequences," in *Rethinking the Silk Road: China's Belt and Road Initiative and Emerging Eurasian Relations*, ed. M. Mayer (Singapore: Palgrave Macmillan, 2018).

<sup>4</sup> Ibid.

view the rising role of China as an alternate source of financing to build and modernise their infrastructure and accelerate the process of industrialisation. For others, the BRI is a security and geopolitical gambit by which Beijing aims to expand and cement its footprint in diverse regions. This could be conspicuously in the case of South Asia, where the role of China is seen more from a military and strategic perspective and less as an economic power to help its immediate neighbours in addressing their key development challenges, such as energy deficiency, infrastructure up gradation and industrialisation. Hence, some countries perceive the initiative as an economic colonization of developing countries by China through debt trap. This paper examines the socioeconomic potential of the BRI as well as the associated risks of this unprecedented foreign investment initiative for participating countries in the regions, which are central to the success or failure of this massive enterprise.

The paper is structured with the first section describing the BRI and the primary drivers behind the initiative. It also elaborates on Beijing's detailed perspective and strategy of the BRI as envisioned in the key policy document titled 'Vision and Actions on Jointly Building Silk Road, Economic Belt and Twenty-First Century Maritime Silk Road.' This is followed by an analysis of the growing developmental role of China under the BRI in South Asia. The subsequent sections examine the position of India vis-à-vis China's BRI and different initiatives India has taken to counterbalance the rising influence of China in the region and beyond. To come up with a comprehensive assessment of the expected opportunities and potential risks of the BRI in the regions pivotal for Beijing to implement numerous projects, the subsequent sections explore the response of major global powers as well as of other countries in diverse regions. This includes Europe, Africa and Central Asia. By critically examining the response of the participating countries towards the BRI in regions which are the primary focus of China, this study contributes to the broader scholarly work on the Chinese foreign policy and implications of the BRI for numerous countries. To this end, this paper makes an attempt to push the boundaries of existing research on the subject by contextualizing the prospects, challenges, concerns and implications of the initiative not only for Pakistan and India but for the participating countries beyond the South Asian region.

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### **Is BRI China's Marshall Plan? Drivers behind President Xi's Signature Initiative**

Ever since the initiative has been launched by Beijing, international observers and policy analysts have termed the project as the Marshall Plan of China to achieve economic and foreign policy objectives. While there is no doubt that President Xi's signature policy plan has foreign policy goals, there are two distinguishing elements between the Marshall Plan and the BRI. First, the former was launched in the immediate post-World War II backdrop aimed at rebuilding war-ravaged European economy and infrastructure, but it was also aimed at containing the presumed threat of communism.<sup>5</sup> It must be recalled that under Marshall's eponymous plan, the United States (US) provided US\$13 billion assistance (approximately US\$150 billion in 2017) to its European allies to rebuild their war-ravaged economies.<sup>6</sup> According to Raffer and Singer (1996, p. 59), "after approval by Congress in 1948, the US spent 2–3 percent (excluding military aid) of its GNP under this initiative during the six years 1948–53, almost entirely on a grant basis."<sup>7</sup> In the context of the BRI, China is neither faced with such a rival as the US faced Soviet Union in the post-World War II landscape, nor is the Chinese financing in the form of grant like funding under the Marshall Plan. Hence, in the case of the Marshall Plan, there were clear foreign policy goals: the containment of communism in Europe and beyond and fostering new strategic partnerships.

The second distinctive feature is that there is also a set of various domestic imperatives behind the BRI. However, most academic literature has failed to highlight the domestic drivers behind the BRI because their primary focus has been on the foreign policy aspects.<sup>8</sup> As mentioned earlier,

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<sup>5</sup> S. Browne, *Beyond Aid: From Patronage to Partnership* (England: Ashgate, 1999).

<sup>6</sup> M. Ali, *The Politics of US Aid to Pakistan: Aid Allocation and Delivery from Truman to Trump* (London and New York: Routledge, 2019).

<sup>7</sup> K. Raffer and H.W. Singer, *The Foreign Aid Business: Economic Assistance and Development Co-Operation* (Cheltenham: Edward Elgar, 1996), 59.

<sup>8</sup> While the Marshall Plan primarily aimed at rebuilding Europe, forging new strategic partnership and containing the Soviet influence, it also contributed to the US economy by boosting exports and exporting currency.

besides geopolitical and strategic objectives, the main drivers behind the BRI are; according to Summers, “economic and commercial drivers, creating new markets for Chinese companies or addressing challenges facing the Chinese economy such as, industrial overcapacity or excessive holdings of US dollars.”<sup>9</sup> In this context, Chen also concurs that “a set of domestic economic concerns, including slower growth, continued production overcapacity, consumption trailing investment and an increasingly saturated construction market” are among the key drivers behind China’s project of the century in the form of the BRI.<sup>10</sup> To reduce domestic disparity and inequality, Beijing has planned to develop several mainland regions and cities across the country to bring them up at par with more developed areas of the country. In the same context, the main policy document on the ‘Vision and Actions’ of the BRI asserts that Beijing intends to utilize Xinjiang’s geographic position as a gateway to ‘deepen communication and cooperation with Central, South and West Asian countries, make it a key transportation, trade, logistics, culture, science and education centre, and a core area’ in the overall BRI.<sup>11</sup> In sum, in addition to accomplish its foreign policy objectives through BRI, Beijing aims to reduce regional disparity within the Mainland China, and to address its domestic economic concerns such as, sluggish growth, consistent production overcapacity, an increasingly saturated construction market and to explore new markets for the Chinese companies.<sup>12</sup>

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<sup>9</sup> T. Summers, "China's 'New Silk Roads': Sub-National Regions and Networks of Global Political Economy," *Third World Quarterly* 37, no. 9 (2016): 1628-1643 (1628), <https://doi.org/10.1080/01436597.2016.1153415>.

<sup>10</sup> Xiangming Chen, "Globalisation Redux: Can China's Inside-Out Strategy Catalyse Economic Development and Integration across Its Asian Borderlands and Beyond?" *Cambridge Journal of Regions, Economy and Society* 11, no. 1 (2018): 35-58 (44), doi:10.1093/cjres/rsy003.

<sup>11</sup> State Council, "Vision and Actions on Jointly Building Silk Road Economic Belt and Twenty-First Century Maritime Silk Road. National Development and Reform Commission (Ndr), Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China," news release, [http://en.ndrc.gov.cn/newsrelease/201503/t20150330\\_669367.html](http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html).

<sup>12</sup> M. Ali, "China-Pakistan Economic Corridor: Prospects and Challenges," *Contemporary South Asia* 28, no. 1 (2019):100-112.

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To implement the BRI projects, Beijing has come up with various financial instruments and mechanisms. Two prominent are the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund. In October 2014, 21 Asian countries signed the Memorandum of Understanding on establishing the AIIB in Beijing, to finance and facilitate infrastructure construction in Asian countries. Similarly, at the Asia-Pacific Economic Cooperation (APEC) Summit 2014, held in Beijing in November 2014, Xi pledged that Beijing will contribute another US\$40 billion to establish a “Silk Road Fund to provide investment and financial support to carry out infrastructure, resources, industrial and financial cooperation and other projects related to connectivity for countries along the Belt and Road.”<sup>13</sup> In addition, the China Investment Corporation, Export-Import (Exim) Bank of China and China Development Bank are other major actors to finance interventions under the BRI. At the BRI Summit organized by China in May 2017, President Xi announced that his country would contribute an additional 100 billion yuan (US\$14.5 billion) to the Silk Road Fund and will provide assistance worth 60 billion yuan (US\$ 8.7 billion) to developing nations and international organizations participating in the initiative to launch more projects.

To allay the concerns of key international powers regarding massive outward Chinese investments and its implications, Beijing has tried to clarify the rules of engagement in its key policy document on the BRI.

China has stated that the initiative “is in line with the purposes and principles of the UN Charter” and that Beijing will abide by the Five Principles of Peaceful Coexistence: mutual respect for each other's sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence.<sup>14</sup>

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<sup>13</sup> Chien-Peng Chung, "What Are the Strategic and Economic Implications for South Asia of China's Maritime Silk Road Initiative?" *The Pacific Review* 31, no. 3 (2018): 315-332 (317).

<sup>14</sup> State Council, "Vision and Actions on Jointly Building Silk Road Economic Belt and Twenty-First Century Maritime Silk Road. National Development and Reform Commission (Ndr), Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China," news release, [http://en.ndrc.gov.cn/newsrelease/201503/t20150330\\_669367.html](http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html).

Similarly, China has given a detailed strategy and perspective on the BRI and has stressed that the plan welcomes the participation of all countries and international and regional organizations and that the initiative will ensure to abide by market rules and international norms. The said policy document also asserts that the BRI aims “to improve investment and trade facilitation, and remove investment and trade barriers for the creation of a sound business environment within the region and in all related countries.”<sup>15</sup> Thus, while China has made attempts to clarify some of the (mis)perceptions regarding the BRI, an initiative of such an unprecedented scale is bound to generate mixed reactions and diverse policy responses from a number of countries based on their own domestic and foreign policy compulsions.

It appears that Beijing had in mind the expected reactions from several actors and that is why President Xi and his team were prepared to effectively utilise the United Nations (UN) platform and other multilateral forums to garner maximum support for its transcontinental initiative. Time and again, the Chinese leadership has made efforts to accentuate that the BRI intends to play a key role by providing financial and technological resources to participating countries that would enable them to accomplish the UN 2030 Agenda and Sustainable Development Goals (SDGs) as agreed upon by UN member states in 2015. It must be noted that Goal 17 of the SDGs has asked all signatories to strengthen the means of the implementation of 2030 Agenda and to revitalize the Global Partnership for Sustainable Development.<sup>16</sup> Under this agreement, the international community has renewed their commitment to eliminate worldwide poverty, to combat inequalities, “to build peaceful, just and inclusive societies; to protect human rights and promote gender equality and the empowerment of women and girls; and to ensure lasting protection of the planet and its natural resources.”<sup>17</sup> Similarly, the Addis Ababa Action Agenda has stressed that “achieving an ambitious post-2015 development agenda, including all the sustainable development goals, will require an equally ambitious, comprehensive, holistic and transformative approach with

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<sup>15</sup> Ibid.

<sup>16</sup> United Nations, *Transforming Our World: The 2030 Agenda for Sustainable Development* (New York: United Nations, 2015), <https://sdgs.un.org/sites/default/files/publications/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf>.

<sup>17</sup> United Nations, *Transforming Our World.*, 3.

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respect to the means of implementation.”<sup>18</sup> A UN report on transnational development cooperation has emphasised that international assistance from non-DAC donors such as China has the characteristics “to address specific needs upon the request of developing countries, without promoting a model of development or imposing policy conditions and with a focus on mutual benefits.”<sup>19</sup> Addressing the 2017 BRI Forum in Beijing, UN Secretary General also lent support to the BRI and how it can catalyse the implementation of the 2030 Agenda. He stated that running through Asia, Europe and Africa, the BRI has a potential for countries desirous to become more integrated with the global economy and increase their access to markets.<sup>20</sup> Highlighting the convergence between the BRI and the 2030 Agenda, the UN chief stated that although Beijing’s ambitious foreign economic plan and the 2030 Agenda are different in their nature and scope, both have sustainable development as an overarching objective. He added that both agendas aimed at creating ‘opportunities, global public goods and win-win cooperation’ and that both strive ‘to deepen “connectivity” across countries and regions: connectivity in infrastructure, trade, finance, policies, and perhaps most important of all, among people.’<sup>21</sup> The Secretary General of the global body also asserted that ‘for the participating countries along the Belt and Road to fully benefit from the potential of enhanced connectivity, it is crucial to strengthen the links between the Initiative and the Sustainable Development Goals. Those 17 Goals can guide the policies and actions under the Belt and Road towards true sustainable development.’ It was in this backdrop that Foreign Policy reported that ‘in speech after speech, top U.N. officials, including Secretary-General António Guterres, have sung its praises in terms that echo Chinese government talking points,

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<sup>18</sup> United Nations, *Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda)* (New York: United Nations, 2015), 4, [https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA\\_Outcome.pdf](https://www.un.org/esa/ffd/wp-content/uploads/2015/08/AAAA_Outcome.pdf).

<sup>19</sup> United Nations, *Trends and Progress in International Development Cooperation*, report (New York: Department of Economic and Social Affairs, United Nations, 2014), 37.

<sup>20</sup> United Nations, "Secretary-General Urges Collaboration in Finance, Clean Energy to Tap Development Potential of Enhanced Connectivity, at Infrastructure Forum Opening," press release, May 14, 2017, <https://www.un.org/press/en/2017/sgsm18519.doc.htm>.

<sup>21</sup> United Nations, "Secretary-General Urges Collaboration in Finance, Clean Energy to Tap Development Potential of Enhanced Connectivity, at Infrastructure Forum Opening," press release, May 14, 2017, <https://www.un.org/press/en/2017/sgsm18519.doc.htm>.

portraying the Belt and Road Initiative as a vital pillar in a UN-sponsored plan to tackle poverty around the world by the year 2030.<sup>22</sup>

Despite these convergences, there are also noticeable divergences between the BRI and the 2030 Agenda. The former is a bilateral initiative spearheaded by China while the latter is a UN agenda signed by all UN member states. Similarly, the BRI is a brainchild of President Xi as there were no prior consultations with participating countries while the 2030 Agenda was adopted following a comprehensive consultative process with diverse stakeholders in numerous countries. Having said that, there is no doubt that Beijing has successfully showcased the BRI. It has garnered enormous support for the initiative at a time when the US and other major Western donors are unwilling or incapable to fund infrastructure projects in the developing countries. Hence, in contrast to the stance of the adversaries of the BRI, many countries who have warmly signed up to the BRI see in it an opportunity to tap the financial resources offered by Beijing and achieve sustainable development outcomes. It is in this particular framework that China can further promote the BRI by clearly identifying the convergences between the initiative and how Beijing can advance, complement and contribute to 2030 Agenda by providing the much needed capital and technological knowhow to countries who are willing to embrace the BRI.

### **BRI in South Asia: Embrace and Rejection**

Like many other regions and countries around the world, the BRI has been warmly welcomed by the South Asian countries except India. The region has mostly remained under the influence of India on account of various historical factors and due to its strong economic links with some of the countries in the region.<sup>23</sup> In terms of population, geography and economic and military might, India has a dominant status in the region. For example, concerning size and economic influence, South Asia is visibly dominated by India as it has about 80 percent of the region's GDP, whereas Pakistan accounts for about 10 percent, Bangladesh 6 percent, Sri Lanka 2 percent

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<sup>22</sup> C. Lynch, "China Enlists U.N. to Promote Its Belt and Road Project," *Foreign Policy*, May 5, 2018, <https://foreignpolicy.com/2018/05/10/china-enlists-u-n-to-promote-its-belt-and-road-project/>.

<sup>23</sup> C. Wagner and S. Tripathi, *India's Response to the Chinese Belt and Road Initiative: New Partners and New Formats* (Berlin: Stiftung Wissenschaft und Politik/German Institute for International and Security Affairs, 2018), [https://www.swp-berlin.org/fileadmin/contents/products/comments/2018C07\\_wgn\\_Tripathi.pdf](https://www.swp-berlin.org/fileadmin/contents/products/comments/2018C07_wgn_Tripathi.pdf).

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and other countries constitute less than 2 percent of the region's GDP.<sup>24</sup> However, there has been a consistent increase of the Chinese trade and investment in the region. Fingar argues that "particularly, the smaller states in SA [South Asia] welcome China's interest and engagement, both for the economic benefits and as a counterbalance to India."<sup>25</sup> On account of enhanced trade and investment between China and South Asian countries, the region has witnessed an increasing engagement with China.

With over 1.7 billion inhabitants or about one fourth of the global population, the region is the most populous and the most densely populated in the world. At the same time, it is also the region that faces a stiff challenge of acute poverty. For example, according to the 2015 Millennium Development Goals Report, "the overwhelming majority of people living on less than \$1.25 a day reside in two regions—Southern Asia and sub-Saharan Africa."<sup>26</sup> The report further adds that in terms of overall poverty, about 80 per cent of the global poor people live in these two regions. According to World Bank, "about 399 million people—40 per cent of the world's poor—live on less than \$1.25 a day" in South Asia.<sup>27</sup> The region has "the greatest hunger burden, with about 281 million undernourished people."<sup>28</sup> In addition, various countries in the region suffer from extreme forms of social exclusion. Due to unabated interstate conflicts, particularly between the two largest countries in the region: India and Pakistan; efforts aimed at increasing trade and economic integration have mostly failed. For example, interregional trade is about 25 per cent in the Association of Southeast Asian Nation (ASEAN) countries but in South Asia,

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<sup>24</sup> S. Kelegama, "China as a Balancer in South Asia: An Economic Perspective with Special Reference to Sri Lanka," in *The New Great Game: China and South and Central Asia in the Era of Reform*, ed. T. Fingar (Stanford, California: Stanford University Press, 2016).

<sup>25</sup> T. Fingar, "China's Engagement with South and Central Asia: Patterns, Trends and Themes," in *The New Great Game: China and South and Central Asia in the Era of Reform*, ed. T. Fingar (Stanford, California: Stanford University Press, 2016), 316.

<sup>26</sup> United Nations, *The Millennium Development Goals Report 2015*, report (New York: United Nations, 2015), 15, [https://www.un.org/millenniumgoals/2015\\_MDG\\_Report/pdf/MDG%202015%20rev%20\(July%201\).pdf](https://www.un.org/millenniumgoals/2015_MDG_Report/pdf/MDG%202015%20rev%20(July%201).pdf).

<sup>27</sup> World Bank, *Annual Report 2015*, report (Washington, DC: World Bank, 2015), 50, <https://www.worldbank.org/en/about/annual-report-2015>.

<sup>28</sup> United Nations, *The Millennium Development Goals Report 2015*, 21.

“intraregional trade accounts for just 5 per cent of the total trade.”<sup>29</sup> Besides interstate wars, “all nine countries have experienced internal conflict in the last two decades, and the resulting casualties have outnumbered those from interstate conflicts.”<sup>30</sup> In this regard, Afghanistan and Pakistan are glaring examples where thousands of people have been killed and millions have been displaced in the conflict over the last decade and a half in the so-called ‘war on terror.’ While the region faces numerous challenges, the role of China is largely viewed positively and it is expected that the BRI will bring significant dividends in the form of massive investments in power, transport and telecommunication infrastructure. Independent observers also assert that Beijing’s more central role, “especially its investments in infrastructure projects, is fostering interdependence and regional integration that far exceed what has been accomplished as a result of SAARC and other regional groupings.”<sup>31</sup>

There is no doubt about the increasing role of China and its engagement with various countries of South Asia. However, all countries of the region do not share the same sentiments when it comes to an increasing role of China in South Asia, particularly under the BRI. As mentioned earlier, while smaller economies view Chinese Foreign Direct Investment (FDI) quite beneficial to fill the investment gap, become self-sufficient in energy and upgrade and modernize their infrastructure, India has a different perspective on the greater role of China in the region. That is why Fingar has aptly argued that “China's engagement with the region has unquestionably changed many things, but it has not yet caused old fears to die out or allayed all sources of disdain and distrust.”<sup>32</sup>

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<sup>29</sup> World Bank, *Annual Report 2015*, 50.

<sup>30</sup> United Nations Development Programme, *Human Development Report 2013: The Rise of the South: Human Progress in a Diverse World*, report (New York: United Nations Development Programme, 2013), 40, <http://hdr.undp.org/en/en/content/human-development-report-2013>.

<sup>31</sup> T.Fingar, "China's Engagement with South and Central Asia: Patterns, Trends and Themes," in *The New Great Game: China and South and Central Asia in the Era of Reform*, ed. T. Fingar (Stanford, California: Stanford University Press, 2016), 316.

<sup>32</sup> T.Fingar, "China's Engagement with South and Central Asia: Patterns, Trends and Themes," in *The New Great Game: China and South and Central Asia in the Era of Reform*, ed. T. Fingar (Stanford, California: Stanford University Press, 2016), 316.

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### **India's Response to the BRI**

Despite unresolved border disputes, that have not only plagued bilateral ties between the two Asian giants, but also resulted in a full-scale war in 1962, India-China ties have considerably improved in recent years. India was one of the first countries to join the AIIB and also backed the BRICS-led New Development Bank (NDB). Similarly, China is also India's largest bilateral trading partner and there have been regular interactions between both states. They are also members of the BRICS group (Brazil, Russia, India, China, and South Africa) and the Shanghai Cooperation Organization (SCO).<sup>33</sup> However, border issues still aggravate situation as happened in Doklam in the summer of 2017, which led to a military standoff between both nuclear powers. The summer of 2020, once again experienced a clash between both sides, since 1962 war. Fatalities were reported as the two Asian giants did not show restraint as opposed to their mutual policy in the past. Besides, their own bilateral issues and a bitter past such as, the defeat of India in the 1962 war, China's unwavering economic, military and diplomatic support for Pakistan has also contributed to India's apprehensions vis-à-vis China and its growing role in the South Asian region.

In view of the above, India is deeply sceptic about the BRI and its real motives, particularly its main artery in Pakistan: the China Pakistan Economic Corridor (CPEC). It is one of the six economic corridors envisaged under Xi's signature and ambitious policy plan and is a collection of numerous projects aimed at building energy and communication infrastructure and developing industrial zones costing over US\$ 60 billion to be invested during the 2015-2030 period. There are two aspects of India's concerns and its rejection of the entire BRI enterprise: one is Pakistan-administered Kashmir and the other is Gwadar port and its ultimate objectives. Under the CPEC, several communication projects pass via Pakistan's Gilgit-Baltistan region, which India considers part of the disputed territory of Jammu and Kashmir. Consequently, during his state visit to China in June 2015, Indian Premier Narendra Modi termed the

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<sup>33</sup> Wagner and Tripathi, *India's Response to the Chinese Belt and Road Initiative*.

project 'unacceptable.'<sup>34</sup> Since the beginning of CPEC, India has taken a stand that the corridor is a breach of its sovereignty and has conveyed this to their Chinese counterparts during bilateral interactions.<sup>35</sup> Due to this, the Indian government also conspicuously stayed away from the 2017 BRI forum in Beijing, where numerous heads of states and governments participated. According to the statement released by India's Ministry of External Affairs a day before the forum, besides citing reasons such as, lack of internationally recognized norms including good governance, rule of law, openness, transparency and equality, the connectivity projects such as, BRI must be pursued in a manner that respects sovereignty and territorial integrity.<sup>36</sup> The official announcement specifically mentioned the CPEC and asserted that no country can accept "a project that ignores its core concerns on sovereignty and territorial integrity."<sup>37</sup> Hence, the Modi government not only declined to participate in the BRI forum but it also came up with an elaborate set of reservations vis-à-vis India's stance on CPEC as well as on the overall BRI. Thus, although both China and Pakistan have offered India to join the connectivity corridor, the issue of sovereignty vis-à-vis the Kashmir issue hinders any such progress.<sup>38</sup>

The other dimension of India's apprehension and hence, its resistance to the BRI is the development of the Gwadar port in Pakistan, which will provide China a direct access to the Indian Ocean. While both Pakistan and China assert that it is a civilian facility aimed at connecting China's

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<sup>34</sup> P. Singh, "India's Participation in CPEC: The Ifs and Buts" (brief, Manohar Parrikar Institute for Defence Studies and Analyses, New Delhi, 2017, [https://idsa.in/issuebrief/india-participation-in-cpec\\_psingh\\_170217](https://idsa.in/issuebrief/india-participation-in-cpec_psingh_170217); and "China-Pakistan Economic Corridor 'Unacceptable', Modi Tells China," *Express Tribune*, June 01, 2015, <http://tribune.com.pk/story/895611/china-pakistan-economic-corridor-unacceptable-modi-tells-china/>.

<sup>35</sup> H. V. Pant and R. Passi, "India's Response to China's Belt and Road Initiative: A Policy in Motion," *Asia Policy* 24, no. 1 (2017) : 88-95.

<sup>36</sup> Ministry of External Affairs, "Official Spokesperson's Response to a Query on Participation of India in Obor/Bri Forum," May 13, 2017, <http://mea.gov.in/media-briefings.htm?dtl/28463/Official+Spokespersons+response+to+a+query+on+participation+of+India+in+OBORBRI+Forum>.

<sup>37</sup> Ibid.

<sup>38</sup> Pant and Passi, "India's Response to China's Belt and Road Initiative."

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landlocked western and less developed regions with the Indian Ocean and beyond, many in India believe otherwise. It is acknowledged that, “although it is civilian facility now, many in Delhi see Gwadar emerging as an important naval base for China in the Indian Ocean.”<sup>39</sup> India’s concerns are also further heightened because in addition to Gwadar, Kyaukpyu in Myanmar, Chittagong in Bangladesh, Hambantota in Sri Lanka, Kra Isthmus and Laem Chabang in Thailand, Sihanoukville in Cambodia and various other locations in the Indian Ocean Region (IOR) have been discussed in news reports as being potential areas of influence by China after developing ports, roads, or energy pipelines.<sup>40</sup> Huge investments under the BRI will further expand and increase Chinese influence in these areas. Due to this, Indian security and strategic experts see India’s influence in the region to be declining and they are concerned that their country will be encircled by Chinese bases: the so-called string of pearls in various neighbouring states. Thus, while India has officially denounced the CPEC and the overall BRI on various grounds, it has neither officially confirmed nor denied the perceived policy of encirclement and so-called string of pearls strategy.

The reality is that India’s response to BRI and increasing influence of China in India’s backyard can be aptly examined in the context of security dilemma: where a state perceives apparently harmless actions of another state as undermining its security or augmenting its sense of insecurity.<sup>41</sup> Whether it is Delhi’s ambivalent ties with Beijing, China’s steady support for Pakistan over decades or its growing footprint in South Asia and beyond in the form of the BRI, all these have further complicated

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<sup>39</sup> D. M. Baruah et al, "Connectivity and Regional Integration: Prospects for Sino-Indian Cooperation," in *Rethinking the Silk Road: China's Belt and Road Initiative and Emerging Eurasian Relations*, ed. M. Mayer (Singapore: Palgrave Macmillan, 2018), 89.

<sup>40</sup> N. Samaranayake, "Are Sri Lanka's Relations with China Deepening? An Analysis of Economic, Military, and Diplomatic Data," *Asian Security* 7, no. 2 (2011): 119-146, <https://doi.org/10.1080/14799855.2011.581603>; Wagner and Tripathi, *India's Response to the Chinese Belt and Road Initiative*; and R. Basrur, "The Bri and India's Grand Strategy," *Strategic Analysis* 43, no. 3 (2019): 187-198, <https://doi.org/10.1080/09700161.2019.1598082>.

<sup>41</sup> S. Tariq, "Sino-Indian Security Dilemma in the Indian Ocean: Revisiting the String of Pearls Strategy," *Regional Studies* 34, no. 3 (2016): 3-28.

and somehow intensified India's security dilemma. The BRI has come at a time that has led to sharpen the security dilemma between the two Asian financial giants, despite the fact that their overall ties have steadily improved, particularly their bilateral trade has witnessed a huge upward trend in recent years.

### **Balancing and Countering Beijing: Delhi's Initiatives**

To counter Chinese influence, India has initiated several ventures: both at the economic front as well as at the security front. One such project is the Asia-Africa Growth Corridor (AAGC), in which India and Japan aim to establish a connectivity corridor in response to the BRI.<sup>42</sup> The primary target of AAGC is the Indian Ocean and its various coastal states. Joining hands with Japan on the AAGC initiative could be helpful in forming a mode of financing to further its economic and foreign policy goals in its traditional sphere of influence: the Indian Ocean. However, although India has the will to challenge China and come up with its own initiative to neutralize its influence in the region, in comparison to China, "India has noticeably fewer political, economic and military resources at its disposal to implement its foreign policy ideas."<sup>43</sup>

In addition to the above initiative at the economic and diplomatic fronts, India has also responded by upgrading and modernizing its military. For instance, India has been continuously increasing its defence spending as it remained the largest arms purchaser from 2008 to 2012. The country has been vigorously enhancing its nuclear delivery capabilities like Agni V and the superior BrahMos cruise missiles.<sup>44</sup> In view of China's increasing visibility in the region that has traditionally remained under India's influence, India has intensified its military co-operation with the island states of Mauritius, the Seychelles, Maldives and Comoros. According to

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<sup>42</sup> Wagner and Tripathi, *India's Response to the Chinese Belt and Road Initiative*.

<sup>43</sup> Wagner and Tripathi, *India's Response to the Chinese Belt and Road Initiative*, 3.

<sup>44</sup> S. P. Kapur, "India's Relationship with the United States and China: Thinking through the Strategic Triangle," in *The New Great Game: China and South and Central Asia in the Era of Reform*, ed. T. Fingar (Stanford, California: Stanford University Press, 2016).

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Kapur, despite so many issues with Pakistan, there is an understanding that Pakistan is not in a position to be a serious threat to India's long-term security and strategic objectives as "Indian security elites view China as their number-one strategic challenge."<sup>45</sup> The author further states that as compared to India, China's defence budget is about 2.5 times more and its military is approximately 1.7 times larger than that of India's military strength in terms of personnel. Similarly, in terms of submarines, tanks and aircrafts, China is way ahead than India. Due to these Indian apprehensions, there is a strong perception among the Indian strategists that "China does not seek an egalitarian international commons in the Asia-Pacific region but rather prefers some form of Chinese-led hierarchy or hegemony."<sup>46</sup> Due to this line of thinking, there is also a growing concern in India that while China has been making consistent progress with the BRI, "Delhi finds itself torn between the inviting prospects of modernizing India's regional connectivity and the perceived negative political consequences of the initiative."<sup>47</sup>

Due to this real or perceived Indian apprehensions vis-à-vis the transcontinental BRI, the participating countries have not been able to make a tangible progress on the Bangladesh-China-India-Myanmar (BCIM) corridor. While the BCIM predates the BRI and also there are no sovereignty issues, unlike CPEC, still there has been little considerable progress on this route. Here again, India is at the horns of dilemma. On the one hand, Delhi is aware of the economic dividends if Northeast India is connected with Southeast Asia. On the other hand, India is not eager about the integration of the Eastern Subcontinent with the Chinese economy as Delhi "perceives China as its competitor and the BCIM in today's geopolitical contours will advance Chinese expansion in the subcontinent, a region in India's traditional sphere of influence."<sup>48</sup> As a result of these

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<sup>45</sup> Ibid., 54.

<sup>46</sup> S. P. Kapur, "India's Relationship with the United States and China: Thinking through the Strategic Triangle," in *The New Great Game: China and South and Central Asia in the Era of Reform*, ed. T. Fingar (Stanford, California: Stanford University Press, 2016), 56.

<sup>47</sup> Baruah "Connectivity and Regional Integration," 85.

<sup>48</sup> Ibid., 91.

apprehensions, India has been closely monitoring the overall evolution of the BRI in South Asia and beyond.

Keeping in mind India's somewhat hostile postures regarding the BRI and rising Chinese influence in the region, Pakistan-India ties have significantly deteriorated following the commencement of work on various CPEC-related projects. A peculiar example of this is the escalation of tensions at the Line of Control (LoC) between the two nuclear-armed neighbours. While there used to be occasional skirmishes between troops deployed at the LoC, the situation mostly remained calm and under control after 2003, when former Indian Prime Minister, Atal Behari Vajpayee, and former President of Pakistan General Pervez Musharraf agreed to an unwritten peace accord at the LoC. However, there has been a substantial upsurge of cease-fire violations in recent years as both countries have been accusing each other of violating the peace agreement. According to media reports, India has stated that there were over 450 violations from the Pakistani side in 2016 while Pakistan has countered that Indian troops violated the ceasefire more than 1,900 times in 2017.<sup>49</sup>

In order to remove the prevalent trust deficit, it is imperative for major regional actors such as China, India and Pakistan to sit together and amicably resolve their bilateral disputes. Although the mere idea of negotiation and dialogue seems difficult due to ongoing tensions between Pakistan and India on the one hand, and between China and India on the other hand, the BRI offers numerous opportunities to India too. As discussed earlier, for achieving the SDGs, mobilization of external resources is critical. In recent years, several South Asian countries have witnessed significant Chinese investments in diverse sectors of their economies. For example, FDI outflows to South Asia remained 32, 36 and 41 billion dollars in 2012, 2013 and 2014 respectively.<sup>50</sup> While there has been a steady increase, "in terms of percentage share in global FDI flows,

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<sup>49</sup> Ajai Shukla, "Viewpoint: India and Pakistan up the Ante on Disputed Border," *BBC*, January 30, 2018, <https://www.bbc.com/news/world-asia-india-42856494>.

<sup>50</sup> United Nations Conference on Trade and Development, *World Investment Report 2015: Reforming International Investment Governance*, report (New York/Geneva: United Nations, 2015), [https://unctad.org/system/files/official-document/wir2015\\_en.pdf](https://unctad.org/system/files/official-document/wir2015_en.pdf).

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South Asia received 2.3%, 2.4% and 3.4% in these respective years.”<sup>51</sup> Hence, as in other development indicators, the region is lagging behind in terms of foreign investments too.

If South Asian countries want to have a decent share in the global FDI, they will have to resolve their longstanding bilateral issues and must come up with investment friendly regimes. In the context of India’s stance towards the BRI, there are various avenues where China and India can amicably address their mutual apprehensions. For example, as mentioned earlier, India was among the pioneering members of the China-led AIIB and it also backed the BRICS-led NDB. Similarly, both countries are members of the BRICS group and the SCO and there are always ample opportunities for both states to interact at the side-lines of these forums. Hence, China needs to utilise these forums more appropriately to convince India to participate in the BRI.

If India agrees to stop its opposition of the CPEC and adopts “a more constructive approach by reaching out to Pakistan and China to propose trilateral collaboration in the development of the proposed corridor,”<sup>52</sup> it can truly transform the whole region. In case India shows willingness to join the BRI and Pakistan grants it overland access to Afghanistan, it could exploit huge Central Asian markets and could get access to the region’s abundant natural resources. To sum it up, the participation of India in the BRI can lead to open new vistas of regional cooperation, integration, interregional trade, stability and sustainable development. However, for that to happen, China, India and Pakistan must display some maturity and their political leadership must exhibit true statesmanship to create a scenario which is a win-win situation for all the stakeholders.

### **BRI in Europe: Cynicism and Optimism**

In order to showcase the BRI and garner maximum international support for the plan, China decided to hold the BRI forum and the first such event

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<sup>51</sup> Ibid., 30.

<sup>52</sup> A. Ranjan, "The China-Pakistan Economic Corridor: Options before India (paper, Institute of Chinese Studies, 2014), <https://www.icsin.org/uploads/2015/06/05/31e217cf46cab5bd9f15930569843895.pdf>.

was organised in 2017, in Beijing followed by a second one in 2019. While 57 countries joined the 2017 BRI forum, including 29 heads of states or governments, some major powers including the US, European Union (EU), Japan, Australia and India stayed away from the forum citing various reasons. Key reservations and apprehensions of these major actors are economic worries related to debt and financial risks; strategic apprehensions concerning the political motive behind infrastructure building and environmental and social implications of unprecedented Chinese loans and investments.<sup>53</sup> Hence, for various reasons, a number of countries have either welcomed or bluntly rejected to participate in the initiative. Various major powers rejected the Chinese plan including the US, the EU, Australia, India and Japan, although Japan is believed to have softened its position since mid-2017.<sup>54</sup> In general, common apprehensions of major powers vis-à-vis the BRI are economic costs regarding Chinese debt; geopolitical ambitions of Beijing behind such a gigantic foreign policy enterprise and ecological as well as social repercussions of the initiative in numerous developing countries which are already faced with a number of development challenges.

In stark contrast to the position taken by big powers, several developed countries have welcomed the initiative. For example, “New Zealand became the first developed country to officially endorse the BRI.”<sup>55</sup> Similarly, among other developed countries, small European countries have also associated optimism with the BRI. For example, the five Nordic countries of Denmark, Finland, Iceland, Norway and Sweden have embraced the initiative and have “expressed a positive interest in the BRI,

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<sup>53</sup> A. Chance, *American Perspectives on the Belt and Road Initiative: Sources of Concerns, Possibilities for US-China Cooperation* (Washington, D.C.: Institute for China-America Studies, 2016); R. T. Griffiths, *Revitalising the Silk Road: China's Belt and Road Initiative* (Leiden: HIPE Publications, 2017); and Ilan Alon, Wenxian Zhang, and Christoph Lattemann, introduction to *China's Belt and Road Initiative: Changing the Rules of Globalization*, by Wenxian Zhang, Ilan Alon, and Christoph Lattemann (Switzerland: Palgrave Macmillan, 2018).

<sup>54</sup> J. Lin, "Small State, Smart Influence: China's Belt and Road Extended to New Zealand," in *China's Belt and Road Initiative: Changing the Rules of Globalization*, eds. Wenxian Zhang, Ilan Alon, and Christoph Lattemann (Switzerland: Palgrave Macmillan, 2018).

<sup>55</sup> *Ibid.*, 180.

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mostly seeing economic and commercial opportunities, with Nordic companies bidding on and participating in various infrastructure projects in third world countries.<sup>56</sup> Also, as the Arctic sea lanes are now considered to be an integral part of the BRI, that will connect Northern Europe with the Chinese ports, it is “likely to result in the Nordic countries further strengthening their focus and efforts.”<sup>57</sup>

Besides Nordic countries, Central and Eastern European (CEE) countries are also closely watching the rising role of China as a development actor and a major partner to invest in infrastructure projects. As per the BRI official document released in March 2015, the initiative aims at “jointly building a new Eurasian Land Bridge and developing China-Mongolia-Russia, China-Central Asia-West Asia and China-Indochina Peninsula economic corridors by taking advantage of international transport routes.”<sup>58</sup> Thus, the policy document has unequivocally stated that the Silk Road Economic Belt aims at bringing together China, Central Asia, Russia and Europe (the Baltic). Since they have their reliance on the EU, the stance of most CEE countries is still of the wait and see type. Besides other CEE countries, Poland has emerged as an essential partner of China under the BRI as it is expected that all rail freight transport from China to Europe will pass via Poland.<sup>59</sup> There is now a greater realisation that as compared to transportation through sea, “the transportation time was cut by half from 30 days to 15 days” through land from China to mainland Europe, although it could be certainly more

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<sup>56</sup> C. T. N. Sørensen, "Belt, Road, and Circle: The Arctic and Northern Europe in China's Belt and Road Initiative," in *China's Belt and Road Initiative: Changing the Rules of Globalization*, eds. Wenxian Zhang, Ilan Alon, and Christoph Lattemann (Switzerland: Palgrave Macmillan, 2018), 96.

<sup>57</sup> Sørensen, "Belt, Road, and Circle:" 97.

<sup>58</sup> State Council, "Vision and Actions on Jointly Building Silk Road Economic Belt and Twenty-First Century Maritime Silk Road. National Development and Reform Commission (Ndr), Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China" news release, [http://en.ndrc.gov.cn/newsrelease/201503/t20150330\\_669367.html](http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html).

<sup>59</sup> J. Górski, "China's Strategy toward Central and Eastern Europe within the Framework of 16 + 1 Group: The Case of Poland," in *China's Belt and Road Initiative: Changing the Rules of Globalization*, eds. Wenxian Zhang, Ilan Alon, and Christoph Lattemann (Switzerland: Palgrave Macmillan, 2018).

expensive than via sea.<sup>60</sup> Hence, because of its geographically significant location, Poland is expected to turn into a hub for land-based transit of merchandise between China and Europe. However, “prospects for the full exploitation of the BRI’s dormant potential are uncertain” as at present, most “CEECs are still reliant on EU structural funds and are not yet ready for a major geopolitical shift, such as a break-up from Western Europe.”<sup>61</sup> Thus, while some European countries have expressed reservations over the initiative and have voiced concerns over the financial, political and ecological implications of the enterprise for participating countries, others are hopeful of the substantial economic dividends of the plan.

### **BRI in Africa: A Boon for the Chinese or the Africans?**

China has a long history of engagement with the continent and has substantially increased FDI and trade linkages with the African countries in recent times. In the Africa-China trade ties, 1993 is considered to be a historic year when Beijing emerged as a net importer of oil from the region and this quest for minerals and natural resources from Africa became a key element in Beijing’s foreign policy.<sup>62</sup> After 2007, China also became a net importer of coal and due to this dependency on natural resources, official visits of Chinese premiers to African states were often termed ‘energy trips’ by the Chinese media. For Africa, China is one of the main sources of foreign aid and one of the largest investment partners in infrastructure projects.<sup>63</sup> De Haan asserts that the rising role of China presents a big challenger to other actors in the development arena because Beijing is willing to invest in countries where western donors are now more reluctant to invest (such as fragile states) and in sectors (such as infrastructure) that

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<sup>60</sup> J. Górski, "China's Strategy toward Central and Eastern Europe within the Framework of 16 + 1 Group," 118.

<sup>61</sup> Ibid.128.,

<sup>62</sup> S. Grimm, "China–Africa Cooperation: Promises, Practice and Prospects," *Journal of Contemporary China* 23, no. 90 (2014): 993-1011, <https://doi.org/10.1080/10670564.2014.898886>.

<sup>63</sup> Ibid.

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are not the priority of the traditional donors.<sup>64</sup> Thus, for African governments, a key attraction towards the Chinese is Beijing's inclination to fund projects in energy, transport, and communication as most western donors are reluctant to finance interventions in these sectors. Addressing the African Union summit in Addis Ababa, Ethiopia, in July 2017, UN Deputy Secretary-General Amina Mohammed asked the African leaders that for boosting their economies and for ending decades of strife, they have an opportunity to participate in Beijing's BRI that aims at building ports, roads, and railways across dozens of countries from East Asia to East Africa.<sup>65</sup>

In view of this, like many other developing countries, African countries have similar expectations from Chinese investments in infrastructure and other sectors along with "positive spill overs such as job creation, technology transfer and productivity increases."<sup>66</sup> While so far, only South Africa and Egypt have signed MoUs with China on the BRI, various other African countries such as Djibouti, Kenya, Tanzania, Mozambique, Madagascar, Ethiopia and Rwanda are looking at the BRI as an opportunity to advance their industrialization, infrastructure upgradation and development process.<sup>67</sup> There is no doubt that Chinese financing under the BRI could be a huge boon for the African countries to overcome low investment in infrastructure, but priorities need to be given to projects that have maximum chances of success. Similarly, prevalence of corruption in Africa and lack of transparency and open bidding procedures in the award of infrastructure contracts by Chinese are some of the risks that could impede smooth implementation of BRI projects in Africa.

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<sup>64</sup> Arjan de Haan, "Will China Change International Development as We Know It?" *Journal of International Development* 23, no. 7 (2010): 881 - 908, <https://doi.org/10.1002/jid.1732>.

<sup>65</sup> Lynch, "China Enlists U.N. to Promote Its Belt and Road Project."

<sup>66</sup> E. Kodzi, "Live and Let Live: Africa's Response Options to China's Bri," in *China's Belt and Road Initiative: Changing the Rules of Globalization*, eds. Wenxian Zhang, Ilan Alon, and Christoph Lattemann (Switzerland: Palgrave Macmillan, 2018).

<sup>67</sup> A. Demissie, "Special Economic Zones: Integrating African Countries in China's Belt and Road Initiative," in *Rethinking the Silk Road: China's Belt and Road Initiative and Emerging Eurasian Relations*, ed. M. Mayer (Singapore: Palgrave Macmillan, 2018).

### **BRI: Prospects for Central Asia**

Beijing has also made no secret of it that “CA [Central Asia] and Russia are integral elements for the implementation of the BRI”<sup>68</sup> as these countries are vital for effectively connecting China’s overland to Europe, the Persian Gulf and the Mediterranean. Besides, the geo-economic benefits to China, Central Asian countries also recognize the BRI to be a source of much-needed financial injection to upgrade and improve physical infrastructure that could lead to better connectivity and enhanced trade, along with increased stability. Indeo asserts that “the involvement of the Central Asian countries in the BRI is evidently very profitable, by ensuring them economic and political benefits.”<sup>69</sup> The author further adds that massive investments in infrastructure under the BRI “will be highly profitable for Central Asian countries by promoting interconnectivity and improving regional trade cooperation through the creation of a trans-regional transport network and by opening up new markets for these landlocked countries.”<sup>70</sup> Similarly, Qoraboyev and Moldashev argue that three factors are essential for making the BRI a success in Central Asia: “respect and comprehension around concerns of political independence, aspirations for economic development and the need for security and stability.”<sup>71</sup>

Besides Central Asian states, Russia has also expressed its interest in the BRI on account of its economic prospects for Russia. The initiative “provides support for the development of regional infrastructure, most

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<sup>68</sup> E. Fels, "The Geopolitical Significance of Sino-Russian Cooperation in Central Asia for the Belt and Road Initiative," in *Rethinking the Silk Road: China's Belt and Road Initiative and Emerging Eurasian Relations*, ed. M. Mayer (Singapore: Palgrave Macmillan, 2018), 257.

<sup>69</sup> F. Indeo, "The Impact of the Belt and Road Initiative on Central Asia: Building New Relations in a Reshaped Geo-Political Scenario," in *China's Belt and Road Initiative: Changing the Rules of Globalization*, eds. Wenxian Zhang, Ilan Alon, and Christoph Lattemann (Switzerland: Palgrave Macmillan, 2018), 137.

<sup>70</sup> Ibid.

<sup>71</sup> I. Qoraboyev and K. Moldashev, "The Belt and Road Initiative and Comprehensive Regionalism in Central Asia," in *Rethinking the Silk Road: China's Belt and Road Initiative and Emerging Eurasian Relations*, ed. M. Mayer (Singapore: Palgrave Macmillan, 2018), 126.

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notably in the transportation segment.<sup>72</sup> Besides economic potential, “Russian interests in this regard are determined by the need to obtain reliable international partners for modernization and long-term development, which could also help to address acute security issues.”<sup>73</sup> Although, Central Asia has predominantly remained under the geopolitical influence of Russia, both Beijing and Moscow have shared regional interests pertaining to “ensuring security, stability and order as a key priority.”<sup>74</sup> In addition to it, their mutual interests also converge regarding “the establishment of a multipolar world, post-unilateral world order that ends the global supremacy of the US.”<sup>75</sup> Due to these factors and shared benefits, China and Russia have maintained cordial bilateral relationship in recent years which also augur well for the success of the BRI in the region.

In view of the above, there is no doubt that “this massive experiment has induced a host of different reactions from abroad, from welcoming embracement to outright suspicion.”<sup>76</sup> While at present “consensus has not been reached about what BRI is, how it may affect others, and how it may evolve”<sup>77</sup> but there is no doubt that it will have tremendous impact on trade, FDI and transport systems in numerous countries across various regions. A number of “foreign policy analysts view this initiative largely through a geopolitical lens, seeing it as Beijing’s attempt to gain political leverage over its neighbors”<sup>78</sup> and beyond the immediate neighbourhood. While there is no doubt that it could be a part of Beijing’s strategic compass to accomplish its geostrategic and political goals, as this study has illustrated, there are also various domestic imperatives in BRI. Hence, with the

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<sup>72</sup> I. Timofeev, Y. Lissovlik, and L. Filippova, "Russia's Vision of the Belt and Road Initiative: From the Rivalry of the Great Powers to Forging a New Cooperation Model in Eurasia," *China & World Economy* 25, no. 5 (2017): 62-77 (65).

<sup>73</sup> *Ibid.*, 74.

<sup>74</sup> Fels, "The Geopolitical Significance of Sino-Russian Cooperation in Central Asia for the Belt and Road Initiative," 248.

<sup>75</sup> *Ibid.*

<sup>76</sup> Mayer, "China's Rise as Eurasian Power," 3.

<sup>77</sup> Ilan Alon, Wenxian Zhang, and Christoph Lattemann, introduction to *China's Belt and Road Initiative: Changing the Rules of Globalization*, by Wenxian Zhang, Ilan Alon, and Christoph Lattemann (Switzerland: Palgrave Macmillan, 2018), 13.

<sup>78</sup> P. Cai, *Understanding China's Belt and Road Initiative* (Sydney: Lowy Institute for International Policy, 2017), 6.

successful implementation of the BRI, China aims to achieve both foreign policy goals as well as to address some of the key domestic challenges faced by its economy in recent years.

### **Conclusion**

This paper has examined the potentials as well as risks of the growing and more tangible role of China in regions which are critical for the success of the BRI. It has illustrated that there are divergent perspectives and perceptions in the South Asian region as well as among various countries globally vis-à-vis the rising role and influence of China under the transcontinental multisector project of the century. From China's immediate neighbourhood in South Asia to Europe, Africa and Central Asia, numerous participating countries perceive the BRI as a win-win situation and have warmly joined it for socioeconomic and long-term development benefits. At the same time, a number of countries in these regions have declined to become a part of the plan for multiple risks that are feared to be accompanied by the Chinese investments in these countries.

There is no doubt that the project has the potential to transform the participating countries and lead to increased trade and interregional connectivity and integration in these regions. However, keeping in mind the current geopolitical atmosphere of distrust, fear and paranoia about the Chinese plan, it seems a distant dream to reap the true potential of the economic projects such as the BRI. In this context, India-Pakistan case in South Asia is a glaring example where the Chinese initiative is largely seen through a geo-political lens by India and the developmental prospects of the initiative for the whole region have been overshadowed. Hence, to harvest the maximum potential of China's 'project of the century', it is "imperative for India and China to work together to build a more peaceful and prosperous future" for coming generations of South Asia and beyond.<sup>79</sup>

At the same time, India, the most populous and the largest economic power in South Asia, must also be cognizant of the fact that "rightly or wrongly, the smaller South Asian states believe that China is an important

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<sup>79</sup> S. Hu, "India's Rise and China's Response," in *New Great Game: China and South and Central Asia in the Era of Reform*, ed. T. Fingar (Stanford, California: Stanford University Press, 2016), 85.

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counterbalance to political pressure from India and other countries.”<sup>80</sup> In addition, South Asian countries having close ties with India are aware of the economic and technological prowess of both India and China and know well where to tilt more in case of a given scenario. There is a growing realization among policymakers in the South Asian countries that are in contrast to China which has lifted over 800 million people out of extreme poverty in the last three decades. It has established strong bilateral ties in the region as well. On the contrary, “India has largely failed to establish enduring political and diplomatic ties in the region, and ties that traditionally have been considered strong.”<sup>81</sup> Similar is the case with numerous other participating countries in diverse regions who have associated high expectations with the Chinese plan but major powers have expressed reservations over the Chinese intentions as well as capability and thus have made the project somehow controversial.

To sum it up, the overall response of South Asia to BRI and other participating countries in Europe, Africa and Central Asia, presents a mixed picture. There are high expectations with some alarms as well, regarding the lack of transparency, financial burdens on developing countries, social and environmental concerns as well as geopolitical implications for the participating countries in their respective regions and beyond. While some of the countries in the region and beyond might have such thinking about doubts, risks and apprehensions, “ambitions are high in the Chinese corridors of power, and a strong faith prevails in the basic soundness of the strategic design of the Belt and Road Initiative.”<sup>82</sup> The key to success of the BRI in South Asia and other regions lies in the fact how successfully China implements the project in numerous countries having vastly different socioeconomic, political, technological and governance structures. For reaping the true benefits of the BRI based on a mutual win-win proposition propounded by China, it is vital for Beijing to work more closely with countries having hostile posture towards the BRI and to come up with initiatives aimed at ensuring international norms and inclusiveness of the

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<sup>80</sup> Kelegama, "China as a Balancer in South Asia," 201.

<sup>81</sup> Kelegama, "China as a Balancer in South Asia, 202.

<sup>82</sup> Mayer, "China's Rise as Eurasian Power," 13.

plan. To this end, Beijing has remained largely successful in enlisting support of the UN for the BRI as the world body has emphasised that the initiative could play a vital role in enabling developing countries to make tangible progress towards the 2030 Agenda of sustainable development. Hence, there are considerable convergences between the BRI and the UN 2030 Agenda and Beijing can more effectively utilise these convergences to advance its 'project of the century.' Similarly, in the context of South Asia and particularly regarding India's opposition of the initiative, notwithstanding their current tensions in the Himalayas, there are various avenues where both countries can address and allay their mutual concerns. As discussed in this study, both China and India are members of several regional forums such as the BRICS and SCO and can better utilise these forums to address their bilateral issues at the side-lines of different summits organized by these intergovernmental bodies. ■