

China's Belt and Road Initiative and its implications for India

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Abstract

The Chinese Belt and Road Initiative (BRI) has completed five years and in that time it has expanded over Asia, Africa and Europe with increasing concerns about the transparency, economic feasibility and objectives of its projects. This paper looks at the key features of the BRI and the reactions from and implications for India. It suggests that the BRI is less about infrastructure development and more about promoting Chinese strategic interests – particularly its model of political development – in opposition to the United States and other regional powers and democracies like India.

Author's profile

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It has been five years since China launched the Belt and Road Initiative (BRI). Communist Party of China (CPC) General Secretary and Chinese President Xi Jinping announced the Silk Road Economic Belt (SREB) in a speech in September 2013 in Kazakhstan (MOFA, PRC 2013) and the 21st Century Maritime Silk Road (MSR) in a speech to the Indonesian Parliament in Jakarta in October the same year (Wu and Zhang 2013). In this period, BRI projects have spread dozens of countries spread over three continents.

The BRI at home and abroad

It has been evident in no uncertain terms for those with an understanding of Chinese domestic politics and foreign policy behaviour that the structure of BRI-related events - conferences, delegation exchanges, high-level leadership visits - and the language used by Chinese scholars, diplomats and Party officials as well as the actions of the Chinese government have all been about promoting Chinese national objectives. While this in itself is not surprising- all countries must be expected to promote their national interests - there are some aspects that should worry countries hosting BRI projects. These and other important features of the Chinese initiative are explained in detail below.

One, there is a domestic economic logic to the BRI in that it helps reduce excessive and unnecessary investment in infrastructure development within China and shifts the overcapacity to outside China's borders. This capital investment in the form of infrastructure projects has played a role in the high figures of Chinese GDP growth for years, if not decades, and it is in recognition of its role in creating overheating and real estate bubbles that this flow has been shifted outwards. However, it is also a fact that China's infrastructure overcapacity can actually be necessary in its immediate and extended neighbourhood where there are substantial infrastructural and industrial deficits.

Two, there is a rather wide gap between China's rhetoric and its practice. Take for example, its frequent claims that BRI projects are 'win-win' for all parties concerned. Over the five-year period of the BRI, the image that China has assiduously tried to cultivate of the BRI being a mere economic project aimed at fulfilling a crucial development need for infrastructure in Asia, Africa and Europe and at increasing people-to-people contacts has been punctured by several unflattering reports of the nature of these projects. In the main, these revolve around the high costs of Chinese projects that have led many nations into debt traps, lack of transparency on their terms, alleged bribery of host government officials, the

use of Chinese labour and the use of old, polluting technologies (for example, see Hurley, Morris, and Portelance 2018; Jacob 2017a).

Three, and related, is the massive propaganda exercise that has been built up around the BRI. It is an endeavour in which the Chinese state and CPC have spared no effort even using social media platforms such as Twitter and Facebook, which they have banned at home, and paid advertisements in foreign news publications, to sell the message of the BRI. It must be underlined that practically every Chinese project or foreign policy exercise abroad is now being brought under the rubric of the BRI or has a BRI theme from investments in technology startups to people-to-people exchanges. The BRI has become something of a legacy-building project for Xi Jinping and therefore, under the ongoing centralisation of power under Xi, the Party and state have devoted considerable propaganda resources to its promotion.

The objective ultimately is to promote a 'Chinese model' of development and politics. Bland and innocuous-sounding as they may be, for the Chinese their phraseology - 'win-win' or 'a community of shared destiny' are stock phrases used in all BRI-related announcements and documents - is intended to counter-dominant Western narratives in international relations and to offer alternative ideas and values for countries to espouse. In the main, the Chinese seek to undermine the relevance and legitimacy of democracy, including of elections by universal franchise. The narrative is of China working together with a country rather than attempting to impose its values on it like the West apparently does. However, even if at the 19th CPC National Congress held in October 2017, Xi stated, "We respect the right of the people of all countries to choose their own development path," he also followed it up by saying this process would involve "contributing Chinese wisdom and strength to global governance" (Xi 2017). The reference to 'Chinese wisdom' is a clear articulation of the perceived strengths of a Chinese model of development and it is also in the nature of the CPC that it will then attempt to promote such a model as being ideal for everyone.

Four, if the Chinese have tried to sell the BRI as something of a multilateral initiative, this is far from being the case. It is actually a series of bilateral arrangements that China has entered into that allows Beijing as the 'giver' to retain the upper hand in negotiations even as it is ostensibly the host country's needs that are being met.

Five, there is a clear element of power competition with the United States that runs through the BRI. This ranges from China's positioning of itself as a defender of globalisation in the face of the United States' inward turn under Donald Trump (Xinhua 2017) to the fact that BRI projects in many countries are also accompanied by a robust military relationship that the Chinese have promoted in the form of equipment sales and delegation visits. This includes, for example, the actual operationalisation of a Chinese 'support base' at Djibouti in

2016 (Manson 2016) besides the whiff of dual use that surrounds such Chinese controlled ports as Gwadar in Pakistan and Hambantota in Sri Lanka (Dutta 2017).

India's response

The general Indian view of about the nature of the BRI right from the beginning - represented in both the academic and strategic community as well as the government - was that the BRI was less about economic development and more about larger political and strategic goals (Jacob 2017a). This particular insight came from multiple sources - conferences that the academics and think-tankers attended in China promoting the BRI in which the Chinese consistently tried to run down Indian contributions to the ancient Silk Roads while promoting the 'new Silk Roads' of the SREB and the MSR. Further, while maps from Chinese sources - though never officially sanctioned - always showed India as lying along both a branch of the SREB and the MSR, there was seldom any acknowledgment of the weight of India in economic and political terms in any Chinese discussions of the BRI in general or of BRI in South Asia in particular.

This author has, in fact, stated elsewhere that the BRI is the closest thing to a 'grand strategy' that the Chinese have come up with since the waning years of the Qing dynasty in the 19th century. For much of the 20th century, China was under various forms of pressure from the fall of the Qing, the lack of capacity of the successor Republic of China regime, civil war, and the Japanese invasion and subsequently World War II to the fall of the Republic, the economic and humanitarian disaster of the Great Leap Forward under the Communist Party, and the Cultural Revolution. And despite the economic reforms having started in the late 1970s, it has not been until now under the powerful and centralising leadership of Xi, backed by an over US\$12 trillion economy, adequate military might and a large diplomatic corps among other things that China has begun to pay sufficient attention to not just maintaining and protecting its interests abroad but expanding them and pushing a 'Chinese model' of development and politics. The BRI is the platform to achieve these goals.

For Indian government officials, and its diplomats in particular, what they saw going on in Sri Lanka under the Mahinda Rajapaksa regime, which favoured Chinese projects almost as a way of spiting 'big brother' India, made it clear that 'Chinese model' involved unscrupulous practices in promoting projects that the Sri Lankans would find unsustainable. And it turned out exactly so, with Rajapaksa's successors having to give up the southern Sri Lankan port of Hambantota and thousands of acres of agricultural land around it on a 99-year lease to the Chinese in 2017 (Abi-Habib 2018).

Even China's 'all-weather friend' Pakistan has seen complaints against the China-Pakistan Economic Corridor (CPEC) from a variety of sources - political parties, provincial governments, economists and the media, and businessmen and entrepreneurs (Jacob 2017a, b). Indian analysts cannot afford to ignore opposition or concerns in Pakistan over the CPEC, for this has implications also for India-Pakistan relations. Take the Chinese line that China's investments in Pakistan were designed among other things to ensure that the ensuing economic development would reduce the chances of Pakistani youth taking up terrorism. The implication is that if the CPEC were to fail, then there is greater likelihood of Pakistanis taking to terrorism for lack of better opportunities. Therefore, the conditions that affect the progress of the CPEC are also of concern to Indian observers. Further, if the Chinese were to depend on the Pakistan Army to carry the CPEC through to fruition in case of the inability of or opposition from the civilian government, then this risks also further aggravating tensions in the India-Pakistan relationship given the Pakistani security establishment's positions vis-à-vis India.

The Indian government might lay claim to being the first government to highlight the many shortcomings of the BRI in a brief note by its foreign ministry spokesperson outlining its reasons why it was not attending the grand Belt and Road Initiative Forum that Beijing was organising in May 2017. The Indian foreign ministry statement highlighted issues of transparency, environmental protection, economic feasibility and technology transfer associated with the BRI (MEA, GoI 2017).

However, the problem as always with India has been one of little action following up the talk. Indeed, New Delhi has lost much goodwill over the years for its inability to implement promised projects despite these originating several years, even decades, before the Chinese or the BRI appeared on the scene. In many instances, the Chinese have had opportunities because of New Delhi's abdication of its responsibilities, including a very narrow view of what accountability and profits mean, limited to financial aspects rather than wider political aspects. The case of New Delhi turning down the offer to develop and run Hambantota is a case in point. While the Indians were perfectly right in suggesting that the port was not economically feasible, it must be asked whether ways could not have been found to offer alternatives or to bear some of the cost in anticipation of precisely the current reality of the Chinese occupying for 99 years a prime piece of strategic real estate.

A counter-argument might be that India's neighbours who have played the 'China card' can only learn by their own experiences the costs of doing business with Beijing. However, this is a limited argument in that once again for governments in power, economics is not everything. The political value of being seen as standing up to India and indeed of using the alternatives provided by China can sometimes outweigh the economic consequences.

Pakistan appears to be demonstrating precisely this in the face of its declining relationship with the US and its (particularly, the military establishment's) hard-line stance on economic ties and political opening up to India.

Indeed, Beijing could well argue that the premium countries pay or the risks involved in BRI projects are inevitable given that China is the only country that is willing to invest in what are arguably some of the most politically unstable and economically underdeveloped areas of the world; that it is China that is expending treasure at considerable risk to itself to build up infrastructure in countries that have not received adequate attention from the developed West or from international development agencies. This is a powerful argument that democracies like India, the EU or the US have little answer for given their own record in infrastructure development in the Third World.

India has tried to make up in other ways by engaging in greater cooperation with the Japanese especially, for instance, through the Asia-Africa Growth Corridor. However, while this initiative was announced in 2017, it is yet to show concrete results. Indian government officials and some analysts can make the point that India cannot and should not compete directly with the Chinese in their areas of strength such as infrastructure projects and that India should focus on its strengths in the field of sharing expertise in developing medium - and small-scale enterprises in other countries, for example. While this is a legitimate approach, New Delhi cannot both highlight the security and economic challenges of the BRI's mega-infrastructure projects and not offer a direct counter or alternative to them. In other words, New Delhi might not have the option of only working in its comfort zone and not developing the capacity or making the necessary investments in competing directly with the Chinese.

Even going specifically by the May 13, 2017 MEA statement, New Delhi has to do a better job of offering support to BRI host countries to build up their competence and expertise in the legal, economic and legislative domains to help them preempt as far as possible the ill-effects of BRI projects that have been highlighted. This could be in the form of helping these countries formulate governance norms to various infrastructure projects such as the formulation of environmental impact assessments, financial and legal accountability standards, and so on.

At the same time, where Chinese projects are already underway, India should in cooperation with the US or Japan or any other like-minded country or countries also be able to implement other projects with better standards and accountability as a way of showing host governments and populations how it is done.

Conclusion

China's BRI might make mistakes but the Chinese also possess the ability to learn from their mistakes and recover lost ground fairly quickly. This is because despite whatever other problems they might have; their whole-of-the-body politic approach is unmatched by other governments. Such an approach involves considerable synergy between various government and CPC institutions including between government officials and the academic and research community. The latter have been funded generously for decades by central, provincial and city governments in China to develop regional expertise of various parts of the world consisting of linguistic, cultural, political and economic knowhow. In particular, Chinese provinces bordering foreign countries have inevitably developed local expertise on those countries that even the central government depends on and has used in promoting the BRI.

If one were to consider the Bangladesh-China-India-Myanmar Regional Economic Forum (BCIM) that began as an initiative of the Yunnan provincial government in 1999, and the idea BCIM Economic Corridor that was put forward in May 2013 (MEA, GoI 2013), it could also be argued that the BRI was in many ways a further scaling up of these initiatives. While the BCIM has not been without its problems – some of which, in fact, anticipate problems now being faced by the BRI, too - what is notable is the level of agency that sub-national entities in China have, which is not replicated in full measure in India even though it is a federal state.

China's BRI, therefore, challenges India to reconsider the whole gamut of its foreign policy objectives, strategies, and structures as well as its internal structures of administration, including centre-state relations. Clearly, while India is not short of ideas, it is short of both resources and capabilities. Some of these can be mended by greater inter-ministerial coordination and synergy in the implementation of foreign development projects. Others require a mindset change in which, for example, the government and its ministries both open themselves up to greater inputs and expertise from the outside including from the states, the military, the universities and think-tank communities as well as invest far more than it does in developing capacities in these institutions.

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