

China's One Belt One Road Strategy: Its Implications for India

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Abstract

The revival of ancient Silk Route strategy into the One Belt One Road (OBOR) Strategy or the new Silk Route project signals China's ambitious approach to global issues and challenges. Its outward-oriented strategy attempts to encourage new trade and connectivity throughout Asia with road and maritime links to Africa, the Middle East and on towards Europe. China's One Belt One Road (OBOR) strategy represents an option to investing abroad and utilising some of this excess capacity. China's President Xi Jinping announced the Silk Route Economic Belt (SREB) and the 21st century Maritime Silk Route (MSR). These two major initiatives were initially packaged and labeled under the overarching term 'One Belt, One Road' (OBOR) or 'Belt and Road Initiative' (BRI). India has strongly worries about the China-Pakistan Economic Corridor (CPEC); which is a part of One Belt One Road (OBOR) and passes through Pakistan Occupied Kashmir (POK). This paper discusses some of the challenges of the 'One Belt, One Road' initiative and draws lessons from existing regional cooperation programs in Asia. It argues for common approaches to infrastructure development and regional cooperation by supranational institutions, particularly the development banks, and suggests a higher degree of multilateralisation of the Belt and Road initiative. It also points to the challenges of developing new approaches for a new quality of growth, taking into account the agreed goals of the Agenda 2030 for Sustainable Development and the Paris agreement on combating climate change.

Key Words: *Silk Route, One Belt One Road, China, POK, CPEC and Climate Change.*

Introduction

One Belt One Road (OBOR) is a brainchild of Chinese President Xi Jinping, aiming at improving connectivity and cooperation among different countries of Asia, Africa and Europe. It was announced in the year 2013 with an objective of restoring the ancient Silk Route that connected Asia and Europe. It includes new territories and development initiative such as building road and railway networks, building ports and erecting power grids, oil and gas pipelines. The revival of ancient Silk Route strategy into the One Belt One Road (OBOR) Strategy or the new Silk Route project signals China's ambitious approach to global issues and challenges. Its outward-oriented strategy attempts to encourage new trade and connectivity throughout Asia with road and maritime links to Africa, the Middle East and on towards Europe (Chhibber, 2015). China's President Xi Jinping ambitious plan includes the Silk Route Economic Belt (SREB) and the 21st century Maritime Silk Route (MSR). These two major initiatives were initially packaged and labeled under the overarching term 'One Belt, One Road' (OBOR) or 'Belt and Road Initiative' (BRI). India has strongly worries about the China-Pakistan Economic Corridor (CPEC); which is a part of One Belt One Road (OBOR) and passes through Pakistan Occupied Kashmir (POK).

One belt refers to what was historically called the Silk Road, stretching from China through Central Asia. One Road refers to a "maritime road" which is to connect the South East Asia with the Middle East, Europe and the east coast of Africa. The Belt and Road Initiative also aims to help develop lagging regions in China by connecting them to Central and South Asia. The eighteen western regions of China have been selected to participate in the initiative. These initiatives, now termed "One Belt, One Road" were seen as part of an overall Chinese attempt to "leverage China's growing economic power and influence in order to strengthen and expand cooperative interactions, create an integrated web of mutually beneficial economic, social and political ties, and ultimately lower distrust and enhance a sense of common security."

The One Belt One Road (OBOR) initiative and other economic policies are also seen as a means of strengthening China's political influence and security situation along its strategically important periphery. As pointed out, such views and Beijing's increasing capabilities could deepen concerns in some quarters that China might eventually use the initiative to establish unwelcome spheres of influence or generally dominate its neighbours. Since its announcement, the One Belt One Road (OBOR) initiative has steadily gained its importance as a major element of Chinese foreign policy. Indeed, it was

presented as the key focus of China's diplomacy in 2014 and 2015, and as an essential element of Beijing's attempt to deepen economic reform within China and stimulate development in China's western regions.

China's economy grew at an unsustainably rapid rate during the past three decades, resulting from developments in technology lowering transaction and market entry costs and high government investment. This growth strategy, however, has shown signs of running its course, with the working-age population shrinking after its peak in 2012, government investment plateauing at 49 percent of GDP, and a narrowing technological gap between China and developed countries. This shifting environment has prompted a transition toward a more balanced economic approach a slower, more sustainable "new normal" with an increased focus on global integration.

Major Goals of One Belt One Road (OBOR)

The OBOR initiative is to promote five major goals among its constituent nation states: policy coordination, facilities, connectivity, unimpeded trade, financial integration and people-to-people bonds. The initiative to jointly build the Belt and Road, embracing the trend towards a multipolar world, economic globalization, cultural diversity and greater IT application, is designed to uphold the global free trade regime and the open world economy in the spirit of open regional cooperation. Its aimed at promoting orderly and free flow of economic factors, highly efficient allocation of resources and deep integration of markets; encouraging the countries along the Belt and Road to achieve economic policy coordination and carry out broader and more in-depth regional cooperation of higher standards; and jointly creating an open, inclusive and balanced regional economic cooperation architecture that benefits all (Haggai, 2016). China's One Belt, One Road initiative as a comprehensive strategy or a geopolitical and diplomatic offensive. Meanwhile Chinese officials consider it as "an ambitious economic vision of the opening-up and cooperation", a "systematic project, governed by the Silk Road Spirit", that seeks to build a community of shared interests, destiny and responsibility" (Ionela Pop, 2016).

- China's "One Belt One Road" (OBOR) initiative can significantly impact Asia and parts of Europe, economically and strategically.
- With India's strategic location in the Indian Ocean and its burgeoning economy, its active participation is a necessary condition for the success of the initiative.
- While recognising that a prosperous and assertive China will be more active internationally, India would expect China to be sensitive to the concerns of its

neighbours. China must show accommodation and preparedness to play by international rules. An example would be coming to an agreement on India-China border disputes.

- The potential benefits for India by participating in OBOR are significant, especially in terms of infrastructure development, but its implementation will pose a challenge. India also remains concerned that OBOR could result in its isolation in the region.
- OBOR will allow China to overcome the “Malacca Dilemma” through access to maritime facilities in the Indian Ocean, granting it an important strategic advantage.
- While India has not officially taken a position on OBOR, it is not averse to the initiative as long as it involves the participation and input of all stakeholders.

Implications for India

India has looked at China’s OBOR with both admiration and suspicion. India is concerned that it violates international norms, undermines India’s sovereignty as China Pakistan Economic Corridor (CPEC) passes through Pakistan administered Kashmir. With CPEC China will have strategic access to the Arabian Sea and will enhance its presence in the Indian Ocean region. Some analysts say that China’s OBOR initiative is a win-win situation for India as it will open more links of trade between India and other countries in Asia, Africa, and Europe. India can also have a check on China’s Strings of Pearls policy (Girisanker 2018). India’s concerns about strategic implications of China’s OBOR constitute of four specific corridors and run through India’s neighbourhood: the CPEC, the Bangladesh China India Myanmar (BCIM), the Trans-himalayan Economic Corridor and the Maritime Silk Route (MSR). These corridors have a direct bearing on India’s security and strategic interest (Baruah, 2018).

Suggestions for India to take on China’s OBOR initiative: (i) Ministry of culture, GOI’s SagarMala vision aim to reconnect and re-establish communication links between countries of Indian Ocean. As part of the programme, it is a National Perspective Plan for the comprehensive development of India’s 7500 km coastline. The SagarMala vision focuses on ‘port led development’ and is based on four pillars such as port modernization, port connectivity, port-led industrialization and coastal community development (Accessed on www.sagarmala.gov.in). (ii) Strengthening of India’s IOR-ARC initiative and Act East

Policy. (iii) India should step up its infrastructure building in India and in the neighbourhood. It should look to pool its resources with the Japanese partnership for quality infrastructure. (iv) India think-tank should work on financial viability of prospects along OBOR and monitor its implementation. (Nayyar, 2017). India need to respond with its own projects, build partnership with friendly and neighbouring countries, and build its strategic and maritime accepts (Malik, 2017).

Conclusion

China's OBOR strategy is a bold and new strategy, which is still evolving and being developed as new issues arise. It is not a finite strategy in terms of time and geographic space. While it is built on the idea of revival of the old Silk Road which connected China – through the Eurasian landmass to Europe it has evolved beyond that to a broader way of engagement with countries and with regional and other groups of countries.

It signals a more outward oriented approach from China. It is a signal that China now intends to use its vast surpluses in new ways which could be mutually beneficial to China and to the countries and groups that come into this engagement. With slow growth in the developed world, and with the limits of existing financial institutions it represents a new opportunity for more innovative ways to increase trade, help finance infrastructure deficits and better utilize and channel the world's savings surplus. New China-led financial institutions have been established – the New Development Bank (US \$50-100 b), the Contingent Reserve Facility (US \$ 100b), the Asian Infrastructure and Investment Bank (US \$ 100 b) and the New Silk Road Fund (US \$ 40 b). These new institutions are beginning operations and their modalities are being worked out.

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