

The Belt and Road Initiative of China: Security Implications for India and the Indo Pacific Region and Response Strategies*

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“The ancient Silk Road thrived in times of peace but lost vigour in times of war”

- President Xi Jinping

Etymology of the Belt and Road Initiative

President Xi Jinping in his inaugural address at the Belt and Road Forum said, “Peaches and plums do not speak ... they are so attractive that a path is formed below the trees”. He was, with deep conviction, eulogising and marketing the Belt and Road Initiative (BRI).ⁱⁱ With the possibility of connecting 65 countries, representing 55 per cent of world’s Gross National Product, 70 per cent of population and 75 per cent of energy resources, *Yidai Yilo*, in Chinese, or the BRI is one of the top priorities of Xi Jinping’s leadership.ⁱⁱⁱ The substantial diplomatic, financial and intellectual resources being poured into the initiative make it, unarguably, the most defining economic and political constructs of the 21st century.^{iv} One doesn’t need to scurry to identify pertinent literary sources to research a topic such as the BRI as most libraries and the Internet are surfeit with writings, commentaries and analyses leading eventually to deciphering the underlying, enigmatic Chinese intent. Even so, it is instructive to list down some judgments of academia who have commented on the BRI :-

- (a) A geo-political and diplomatic offensive.^v
- (b) ... grandiose yet stilted ... a challenge to the normative notion of the Indian Ocean Region (IOR) being India’s backyard a distinct military intent.^{vi}
- (c) ... not a security alliance, not a treaty based system not an idea to extend Chinese hegemony.^{vii}

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- (d) ... an economic disguise to the String of Pearls theory.^{viii}
- (e) ... a counter to the United States' Pivot to Asia strategy.^{ix}
- (f) ... not a direct challenge to the existing international order but an alternative centred on China ... a response to the Trans Pacific Partnership.^x
- (g) ... OBOR will change the way man has known to work—will change the maritime geography of Asia and the geopolitics of Indo-Pacific.^{xii}
- (h) ... China's Marshall Plan.^{xii}

Some of these judgments are questionably alarming in nature while some circumspectly highlight the benign nature of the BRI. However, what is indisputable is that if and when the BRI comes to fruition, it will be a Goliath sized disrupter that would have significant impact on the countries involved, more importantly on South Asia and the Indo-Pacific Region (IPR).

BRI Through the Chinese Lens

In the BRI Forum speech and in the Vision and Actions document (hereinafter called Vision Document).^{xiii} the phrases that dominate the narrative are win-win cooperation, openness and inclusiveness, inter-governmental coordination, connectivity of infrastructure and opening bottlenecks, unimpeded trade, financial connectivity and integration, and people to people bond. There are but many underlying compulsions on China to conceive a project such as the BRI. Some obvious ones are:-

- (a) China needs to create about 2.3 million jobs by 2020 to replace those lost due to closing of coal mines, a consequence of growing environmental concerns.^{xiv}
- (b) In East and South China, low cost manufacturing such as textiles, garments and low-end domestic goods have become unviable due to rising affluence standards. China needs to identify relatively less developed areas, particularly its western hinterland, to relocate these industries.
- (c) China is beset by excess industrial capacity and foreign exchange reserves. The BRI is an ideal avenue to explore new markets, secure return on investments and safeguard

economic growth while the country makes a quick transition from a low value export model to a model based on domestic consumption and technologically intensive exports. The BRI would also aid in financial integration of the Yuan in order to increase China's heft in the International Monetary Fund (IMF).^{xv}

ARCHITECTURE OF THE BRI AND ITS CONSTITUENT PROJECTS

The BRI aims to connect the young, vibrant East Asian economies to the mature European economies. The two essential components of the project are the land based Silk Road Economic Belt (SREB) and the sea based 21st Century Maritime Silk Road (MSR).

The Silk Road Economic Belt

The 'Belt'. The SREB is a 14,800 km network of high speed road and rail transportation, energy pipelines, fibre optics, industrial parks and smart cities stretching from Xian in central China to Venice in Italy. The Belt connects 4.4 billion people and represents US \$ 21 trillion in economic output.^{xvi} The Belt would go through Central Asia, West Asia, the Middle East, South Asia and Europe. One of the key components of the Belt that is already under full operation is the Chongqing- Duisburg trans Eurasia rail road. A freight train on this 11,200 km rail route takes only 13 days to deliver goods from Chongqing (China) to Duisburg (Germany), a full 30 days less than that taken by a container ship, at one-fifth of the cost. As of now, 25 freight trains travel to and from Chongqing and Duisburg every week. This rail road has had enormous, positive downstream economic effects on the German city and the same could be expected for the other parts of the Eurasian landmass, eventually. ^{xvii}

The Land Based Economic Corridors. The Vision Document outlines SIX economic corridors that comprise the 'Belt'. These are depicted in Figure 1 and are as follows:-

- (a) New Eurasian Land Bridge.
- (b) China- Mongolia- Russia Economic Corridor.
- (c) China-Central Asia- West Asia Economic Corridor.

- (d) China- Indochina Peninsula Economic Corridor.
- (e) China- Pakistan Economic Corridor (CPEC).
- (f) Bangladesh-China-India-Myanmar Economic Corridor (BCrM-EC).

The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa

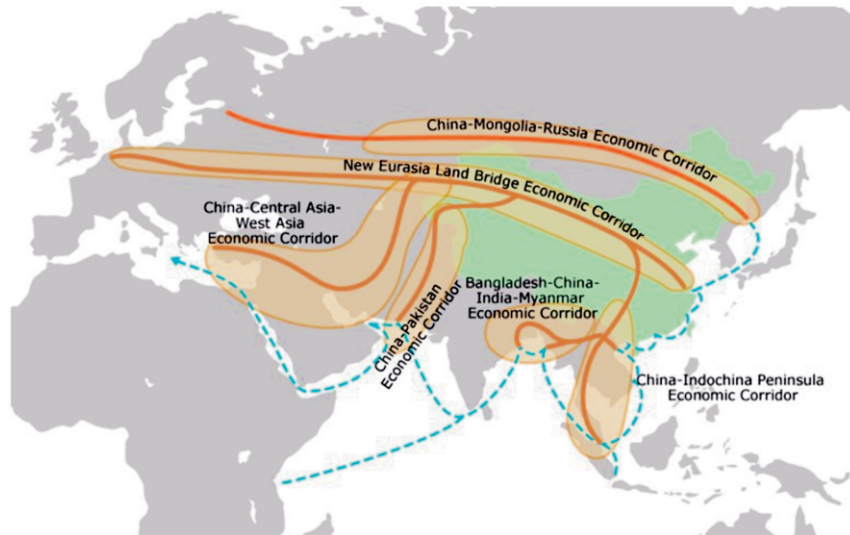


Fig. 1 : Land Based Economic Corridors of BRI

(Source: <http://china-trade-research.hktdc.com/business-news/article/The-Belt-and-Road-Initiative/obor/en/1/1X000000/1XOA36B7.html>, accessed on 25 Jul 2018)

The 21st Century Maritime Silk Road

The 21st Century Maritime Silk Road (MSR) is a maritime initiative that complements the SREB to further Chinese strategic interests. During his speech in the Indonesian parliament in Oct 2013, President Xi Jinping unveiled the contours of MSR. He laid emphasis on economic cooperation, strengthening maritime economy and scientific cooperation.^{xviii} The MSR is depicted in Figure 1 (in blue dotted lines). It spans 50 countries in Asia, Africa, and Europe and would begin in the Fujian province of China and connect Kuala Lumpur (Malaysia), Jakarta (Indonesia), Kolkata (India), Colombo (Sri Lanka), Nairobi (Kenya), Athens (Greece) and finally terminate at Venice (Italy) through the Red Sea and the

Mediterranean. The other arms of the MSR would extend eastwards towards the South Pacific.

How is the BRI Going to be Funded?

The estimates of funding of the BRI are varied. Richardson makes an estimate of \$ 1 trillion of planned investments.^{xix} whereas Crandall et al. make a mention of \$ 8 trillion,^{xx} while Shafei Moiz et al., an astronomical sum of \$ 21.1 trillion!^{xxi} Geethanjali et al. highlight funding by the Chinese Government through issue of special bonds and low cost financing by state run institutions whilst averring that the actual requirement may be several times more than the estimates popularly accepted.^{xxii} Stephen Aris, however, gives a more comprehensive account of the sources of funding the details of which are given in Appendix A. President Xi Jinping, during his speech at the BRI Forum at Beijing on 14 May 2017 made fresh financial commitments to the initiative, a summary of which is placed at Appendix B.

In essence, the financing of the BRI is labyrinthine involving multiple state run financial institutions, primarily the China Development Bank, the China Export-Import Bank, and the China Agricultural Development Bank. It also includes multilateral development institutions like the Asian Infrastructure Investment Bank (AIIB), the BRICS Bank, the World Bank, and multiparty financing schemes like the 16+1 financial holding company. Further, investments by Chinese provincial governments and private companies are also a distinct possibility; however, the bottom line is that the total known funding for the BRI as on date is not even close to sufficient.^{xxiii}

As an aside, consequent to the BRI, the China dominated AIIB and BRICS Bank would provide the world an efficient and financially muscular alternative to the West dominated World Bank, the IMF and the Asian Development Bank (ADB); this may also result in faster internationalisation of the Yuan as a predominant international currency.^{xxiv}

Bringing the BRI to Fruition

The BRI has been written in the Chinese Constitution as the very basis for China's economic growth, so the Chinese leadership will leave no stone unturned to bring the initiative to life. However, implementing the many projects of BRI will be the most challenging

work that the modern world would ever see.^{xxv} by one reckoning, the project would be fully operational only by the year 2049, the centenary of the People's Republic of China.^{xxvi} Some key factors that would dictate the success of BRI are as follows:-

- (a) The partner countries will need to work in concert with China with regard to policy support, financial commitments, connectivity of infrastructure and create an enabling environment by removing bottlenecks in transport system, border crossing of goods, customs clearance, and ensure law enforcement.
- (b) The partner countries will have to achieve seamless convergence in functional aspects of the initiative like inspection of goods, quarantine, movement of people, verification and accreditation procedures etc. In addition, these countries will have to secure domestic support and build political consensus to promote wider private and public participation.

Execution of the BRI. China has set up an autonomous agency - the State International Development Cooperation Agency (SIDCA) to monitor the BRI. SIDCA will secure foreign funding, plan strategic projects and is answerable to the State Council, China's Cabinet, headed by Premier Li Keqiang, thereby making SIDCA a powerful agency to take the BRI forward. ^{xxvii}

Risks in BRI. The 'Belt' passes through one of the harshest terrains in the world; this coupled with the high cost of investments to be made by the stake holding countries, political instability in some regions, and territorial and maritime disputes of China with its neighbours, make the BRI inherently a risky preposition. The Managing Director of the IMF Christine Lagarde, at a conference in China, warned that the countries signing up for BRI may end up in massive debt traps.^{xxviii} However, the biggest risk to the BRI is the Chinese economy itself.^{xxix} There are indications that the Chinese economy may not sustain its hitherto growth; coupled with the tariff war unleashed by the USA, the ability of the Chinese Government to fund the BRI may substantially diminish in future.^{xxx} Therefore, China and the partner countries will have to weigh these consequences, identify mitigation measures and implement them effectively; this aspect would be the most crucial and challenging part of executing the BRI.

GEO-ECONOMICS, GEO-STRATEGY AND GEO-POLITICS OF BRI

The Geo-economics of Infrastructure. As per the ADB report in February 2017, Asia will require \$ 26 trillion from 2016 to 2030, ie \$ 1.7 trillion investment per year to maintain balanced growth.^{xxx} China, perhaps, is the only country that has the potential to undertake projects of this magnitude; it is opined that the fates of these Asian countries and China are bound to converge. The BRI will, possibly, increase Chinese penetration in these countries and the latter's dependency on it.

The Geo-economics of Rare Earth Metals. China supplies 95 per cent of world's rare earth metals that constitute most electronic devices. China demonstrated its stranglehold in 2010 when it stopped the supply of these metals to Japan, Europe and USA triggering widespread panic.^{xxxii} China is now focusing on marine resources to source these metals, hence its focus on marine scientific research and renewed maritime interests in the IPR.

So, Is BRI a Military Construct?

On the surface, the BRI seems benign. However; there are many indicators suggesting that it is an attempt to expand China's sphere of influence, for example :-

- (a) China is embroiled in multiple territorial and maritime sovereignty disputes with its neighbours. The BRI would enhance China's strategic depth and leverage over the claimants which include India, Japan, South Korea, Taiwan, Vietnam, Brunei, Malaysia, Indonesia and the Philippines.
- (b) China is extremely wary about its energy security. Its over dependence on the seas for energy could be its Achilles Heel in a conflict scenario. The BRI is depicted in Figure 2; once complete, it would enable China secure control of strategically important choke points which include the Sunda and Malacca straits, the Persian Gulf, the Gulf of Aden, and the Bab al-Mandab strait. It will also consolidate China's influence in the Taiwan Strait. This would, in a large measure, aid its ascendance as a world power.^{xxxiii}



Fig. 2 : The Belt and Road Initiative of China

(Source : japan-forward.com/can-china-keep-up-as-southeast-asia-diversifies-ties/ / さしかえ【jf】 m 中国一帯一路・0419/c

(c) The BRI is a grand strategy to integrate China with the rest of Asia and the world's largest land mass - Vladivostok to Lisbon and Moscow to Singapore through an extensive network of economic corridors. It also aims to expand its influence in areas traditionally dominated by India such as the South Asia and the Indian Ocean.^{xxxiv}

(d) The BRI is a non-military catalyst through which China will accelerate the decline of the USA and ensure a more balanced distribution of geo-political influence, an issue considered vitally important to the Chinese leadership.^{xxxv}

China is well on its way to building more than 18 overseas naval military bases in the IOR and western pacific, the details of which are enumerated in Appendix C. In order to protect its interests and secure energy sources, the IOR, particularly, has witnessed increased forays by Chinese naval ships and submarines in recent years. Countries such as Djibouti, Pakistan, Sri Lanka, Bangladesh, Myanmar, and Maldives give vent to the Chinese naval strategy in the IOR. Joint military exercises, supply of military hardware,

financial assistance, development of strategic ports, port visits by naval ships and submarines are verily military in nature though its effects on the security of the region are often downplayed by China.

China has been routinely challenging international rules and norms more than ever before; rejection of the Permanent Court of Arbitration ruling dated 12 July 2016 involving the Philippines and China regarding historic rights and maritime entitlements in the South China Sea (SCS), construction of artificial islands in the SCS that may lead to aggravation of disputes between maritime nations, articulation of a shift in its strategy from 'off shore water defence' to 'off shore water defence with open sea protection', reorganisation of its military into theatre commands, impetus on strategic forces like the Rocket Force and SSBNs, and a massive expansion of the PLA Navy and Marine Corps when juxtaposed with the BRI underscore the conspicuous contradictions between Chinese actions and their intentions. This could be the sole cause of widespread trust deficit and scepticism about the BRI and the CPEC.

It is geo-economics that is the nub of Chinese aspirations in the IPR which is driving China's geo-strategy and geo-politics in most continents and many countries. There is a distinct military hue to the BRI that can potentially render enormous advantages to China in exercising strategic squeeze and constricting the geo-strategic-political-economic space of countries in Asia, Europe, Africa and the IPR, for flag has usually followed trade in history.^{xxxvi}

BRI in the Geostrategic Backdrop of the Heartland and the Rimland

Theories

In his seminal book 'The Geographical Pivot of History', Mackinder in 1904 proposed the Heartland Theory. The Heartland of the earth's surface lay at the centre of the World Island ie the land mass connecting Europe, Asia and Africa. Later in 1919, he theorised that "... who rules the World Island commands the world".^{xxxvii}

In 1942, Spykman postulated the Rimland Theory. He described Rimland as the maritime fringes of the Eurasian Continent

ie its western, southern and eastern edges. In strict geostrategic terms, the Rimland Theory is an antithesis to the Heartland Theory. In fact, Spykman goes further and criticises Mackinder for overrating the importance of the Heartland as being of immense strategic significance and for his excessive land- centric outlook.

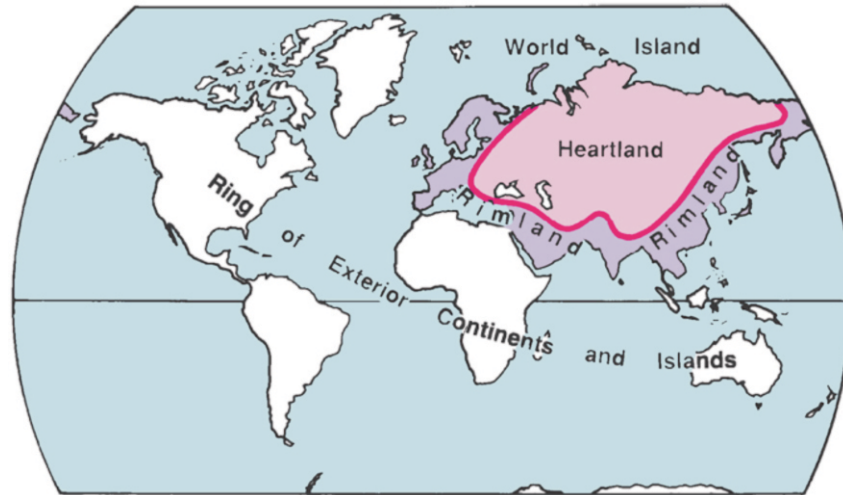


Fig. 3 : Mackinder's Heartland and Spykman's Rimland

(Source : www.sutori.com/item/rimland-theory-8cd6 accessed on 16 Jul 2018)

There are striking similarities between the geographies of Figure 2 and Figure 3. The BRI crisscrosses the Heartland and the Rimland many times over; it is, therefore, reasonable to state that China is poised to exercise the immense geo-politico-strategic-economic influence that would accrue, over the world, making the theories seem eminently prophetic! This substantiates the point - the **BRI** is a geo-politico-diplomatic offensive and the most extensive yet veiled military construct of the 21st Century to expand Chinese influence in strategically vital areas of the world.

CHINA-PAKISTAN ECONOMIC CORRIDOR

CPEC and China. A map of the CPEC is depicted in Figure 4. Their 'all weather friendship' aside, for China the geography of the Makran coast is too good to ignore from both strategic and economic stand points. The CPEC is the most important economic corridor and the flagship project of the **BRI** due to the following: -^{xxxviii}

(a) CPEC connects Kashgar in Xinjiang Uygur autonomous region, an underdeveloped, restive region in China to Gwadar thereby giving China access to a deep water port. The port would keep its trade and alternative energy lines from the Middle East intact even if the IOR were to be bottled up by its adversaries in a conflict scenario. Further, Gwadar port cuts transit time of oil from the Persian Gulf to China from 45 to just under 10 days! ^{xxxix}

(b) Gwadar lies at the confluence of the most commercially important regions comprising West Asia, Central Asia and South Asia. Therefore, the economic potential of CPEC is enormous.^{xl} CPEC would give China an ideal launch pad to develop its western region and also cement better ties with southern, central and West Asia.

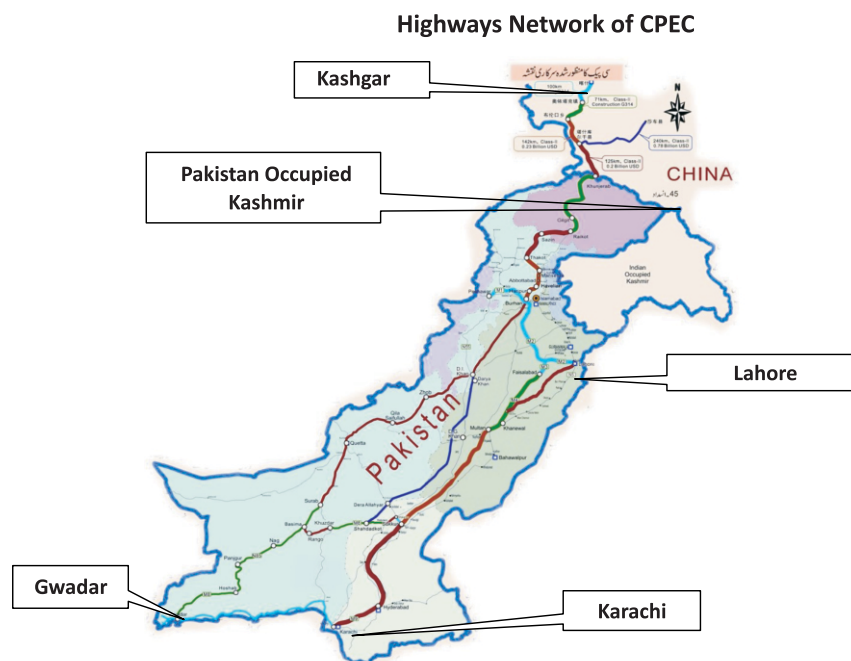


Fig. 4 : The Geographical Extent of CPEC
(Source: www.cpec.gov.pk/maps, accessed on 26 July 2018)

Major Projects Under CPEC. China has made a commitment of \$ 46 billion to undertake various projects under CPEC. This amount has reportedly been increased to \$ 62 billion.^{xli} The broad outlays for these projects are illustrated in Appendix D.

CPEC and Pakistan

Consequences on Pakistan. The future of Pakistan is closely intertwined with the success of CPEC. China is the largest investor in infrastructure in Pakistan and also its largest trading partner. Given Pakistan's chronic energy crisis, poor infrastructure, and consequent low industrial output, the CPEC may give a significant boost to these sectors and bring in prosperity to large parts of the country that continue to have abysmal standards of living, especially Balochistan and Khyber Pakhtunkhwa provinces. Due to its geography vis a vis Asia, Pakistan will likely become a major regional economic hub, perhaps at the expense of India, if and when the CPEC operates at its full potential. Many in Pakistan believe that the CPEC is "not a game changer but a fate changer".^{xlii}

Risks in CPEC. The CPEC represents both possibilities and risks. Pakistan's strained relations with India and Afghanistan, its fragile internal security situation, proliferation of and support to rabid Islamic terrorist groups and its backlash, weak political structures, mistrust in civil-military relations, and a crisis ridden moribund economy make the CPEC an extremely risky project that may result in huge sunk costs for the Chinese.^{xliii} Time is the best judge.

BRI, CPEC AND INDIA'S CONCERNS

India-Pakistan-China relations are complex, scarred with history of wars, unresolved border disputes and fundamentally differing nature of governments. The **BRI** and the CPEC present many possibilities for India. However. They cannot be viewed in isolation as there are many unaddressed concerns.

(a) **Violation of India's Sovereignty.** The CPEC violates Indian territorial integrity as it passes through Pakistan Occupied Kashmir (see Figure 4). The United Nations substantiates India's concerns by highlighting that the CPEC could create geo-political tension between India and Pakistan and ignite political instability in South Asia,^{xliv} even as China dismisses India's concerns.

(b) **Militarisation of India's Neighbourhood.** India's strategic and national interests are closely linked to peace and stability in the IOR. However, her immediate neighbourhood, (Pakistan, Bangladesh and Myanmar), is

witnessing unprecedented militarisation due to Chinese support in the form of military technology, fighter aircraft, warships and submarines (Type 039A-Yuan class). The fact that 70 per cent of China's arms sales are funnelled into these three countries heightens India's security concerns.^{xlv}

(c) **BCIM-EC and North East India.** India is also sensitive to the possible security concerns arising out of linking its restive North East to the Yunnan province of China through the BCIM-EC.

(d) **Blocking of UN Sanctions.** China has demonstrated its duplicitous nature by repeatedly blocking India's attempts to impose UN sanctions on terrorists and terror organisations like Jamaat-Ud-Dawa, Jaish-e-Mohammed and Lashkar-e-Taiba, confirmed to be sponsored by Pakistan.

(e) **Security Challenge to India and Indian Shipping.** The BRI and CPEC will likely lead to increased shipping congestion in the IOR, thereby posing security challenge to India, Indian shipping and complicating its Maritime Domain Awareness.

(f) **Economic Isolation.** The Chinese preponderance in the financial institutions funding the BRI may result in adverse consequences on India's share of global trade, flow of Foreign Direct Investment, allocation of funds for infrastructure projects and may result in its economic isolation.^{xlvi}

RESPONSE STRATEGIES

India's Response and Strategies

Manoj Joshi in his article argues that India must cherry pick the BRI and explore opportunities that can benefit India.^{xlvii} In an official statement on 13 May 2017, the Government of India boycotted the BRI. Such a hard line approach would work to its detriment; due to its strategic location in the IOR and its growing economy. India is a prerequisite for the BRI to succeed,^{xlviii} but the converse is also true. Strategies and responses rooted in pragmatism are, perhaps, the only options available to India. There are several points of convergence that India must cash on, for example :-

(a) India is in dire need of basic infrastructure, more so in its border areas in North and North East, and island territories.

India can draw on China's experience and expertise in executing large scale projects in record time.

(b) Project SAGARMALA unveiled by India in March 2015 aims at accelerating economic development by harnessing the potential of marine resources. Some pertinent facts that highlight the abysmal state of the Indian port and shipping sector vis a vis China are enumerated in Appendix E (most other sectors of infrastructure in India lag in a similar way). The project involves construction of mega ports, modernising existing ports, developing inland waterways, enhancing port connectivity via road, multimodal logistics parks, pipelines and waterways and in turn ensuring coastal community development. The preliminary estimate for the project is a whopping Rs 4 lakh crore.^{xlix} India cannot go it alone, both in funding and execution. It is here that a possibility of convergence with China exists.

(c) India has unveiled a large number of mega initiatives like 'Make in India', Small City Project, 'Skill India', and 'Digital India' to spur manufacturing sector and employment. The Chinese overcapacity in industrial and technological output could be explored to give a fillip to these initiatives.

Whilst cooperation in areas of convergence is most desirable, India, Pakistan and China must work on the areas of concern through discussions and confidence building measures. A recognition of India's security concerns and addressing them, playing by international rules and norms, greater transparency in the terms and conditions of BRI, and last but not the least congruity in Chinese actions and intentions are *sine qua non* for India to be onboard the BRI and CPEC.

India has been a dominant player in South Asia but is gradually ceding its strategic space to China. India will have to reorient her national priorities for 'business as usual' pace just won't work with China. Some strategies to counter the growing Chinese influence are as follows:-

(a) India has many socio-economic compulsions which preclude her participation in any form of a race, be it military or otherwise. A 'tooth for a tooth' approach to respond to the growing Chinese influence will only wear it down. Apart from strengthening its other elements of national power namely

Diplomatic, Information, and Economy, India must work on its 'Hard Power' by focusing on indigenisation, structuring an agile force that is effective across the spectrum of conflict, one that is able to counter the new fang led capabilities that China can throw at it. Long overdue Higher Defence Organisation reforms, restructuring of the armed forces by focusing on 'tooth to tail' ratio, integrated commands and developing infrastructure on island territories and border areas are critical to offset the military asymmetry with China.^{li} India must also secure berthing, crew turn around, and replenishment rights of naval ships and military aircraft in friendly countries in the **IPR** in order to enhance its reach and compress reaction time, should there be a need to deploy these assets.

(b) India must resurrect its influence and stature in its immediate neighbourhood and promote goodwill by deepening diplomatic, economic, cultural and military ties with these countries. India must strengthen existing initiatives like the 'Act East Policy', BIMSTEC, 'Neighbourhood First', 'Go West', Bangladesh-Bhutan-India-Nepal (BBIN), and 'Mausam' to ensure that they yield results in line with national priorities.

(c) India must project itself as a reliable, efficient alternative to China in undertaking development projects, albeit on a much smaller scale, but with greater local participation and stake holding, a model that is in stark contrast to the Chinese 'unfriendliness of purpose'.^{lii} India must mobilise all available resources to ensure that the development projects committed to in neighbouring countries are brought to fruition at the earliest.

(d) Provided its core security concerns are addressed, India must concurrently progress bilateral ties with China and Pakistan, enhance mutual understanding between people so as not to allow the differences to snowball into disputes, and to foster a domestic environment conducive to fulfilling its crucial socio-economic imperatives.

Response Strategies of IPR Countries

As far as the countries in the **IPR** are concerned, they would necessarily have to adopt a 'cooperative security' paradigm.^{liii} be

pragmatic in choosing their strategic partners, modernise and strengthen their militaries, enhance their surveillance capabilities, strengthen existing agreements like the Trans Pacific Partnership, even without US participation, and accept only rules based order in the SCS. Further, these countries must be extremely chary about the SCS Code of Conduct consultations. These consultations which have gathered momentum after the Permanent Court of Arbitration ruling on SCS may legitimise Chinese actions in the sea.

In conclusion, for India, it would be worthwhile emulating Deng Xiaoping's stratagem "*tao guang yang hui*" meaning, hide your brightness, bide your time; in essence, silently working to build capabilities and try to bridge the huge gap vis-à-vis China in all dimensions of national power.

Notes

ⁱ President Xi Jinping's speech at the opening ceremony of the 'Belt and Road Initiative Forum for International Cooperation' at Beijing on 14 May 2017. Full text of the speech available at <http://www.xinhuanet.com/english/2017-05/14/c136282981.html>. Accessed on 30 Jun 2018.

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- ^{xxiii} Aris Stephen, *op.cit.*, p.2.
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- ^{xxv} Richard E Crandall and William R Crandall, *op.cit.*, p.28.
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^{xxxiv} Lucio Blanco Pitlo III and Amruta Karambelkar, 'India's Perception and Response to China's OBOR Initiative: Views from Mainstream Media', *Asian Politics and Policy*, 27 October 2015, <https://onlinelibrary.wiley.com/doi/abs/10.1111/aspp.12214>. Accessed 15 July 2018.

^{xxxv} Geethanjali Natarajan and Richa Sekhani, *op. cit.*, p.68.

^{xxxvi} Abdul Nafey, *op.cit.*, p.75.

^{xxxvii} Halford Mackinder, *Democratic Ideals and Reality*, (New York: WW Norton, 1962), p.150.

^{xxxviii} Khalid Iqbal, 'Challenges to the CPEC and Wayforward'. *Defence Journal* 20, No. 11 (June 2017), p.67.

^{xxxix} Shafei Moiz Hali, Tan Shukui and Sumera Iqbal, *op.cit.*, p.159.

^{xl} Mehmood ul Hassan Khan, 'Geopolitics of CPEC'. *Defence Journal*, undated, p. 73.

^{xli} Salman Siddiqui, 'CPEC Investment Pushed from \$55 billion to \$ 62 billion', The Tribune, 12 April 2017, <https://tribune.coill.pk/story/1381733/cpec-investment-pushed-SSb-62b/>. Accessed on 16 August 2018.

^{xlii} *Ibid.*, p.71.

^{xliii} Anneken Tappe, 'Here's Why Pakistan Faces an Economic Crisis, No Matter Who Wins Today's Election', *Market Watch*, 25 July 2018, <https://www.marketwatch.com/story/heres-why-pakistan-faces-an-economic-crisis->

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^{xliv} 'CPEC May Create More India - Pakistan 'Tension : UN Report', *Dawn*, 24 May 2017, <https://www.dawn.com/news/1335064>. Accessed on 14 August 2018.

^{xliv} MH Rajesh, *Maritime Silk Road: An Indian Perspective*, edited by Bal Krishan Sharma and Nivedita Das Kundu, (Delhi: Vij Books India, 2016), p.75.

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^{xlvi} Dipankar Banerjee, *op.cit.*, p.5.

^{xlvi} Ministry of Shipping, Government of India, *SAGARMALA- National Perspective Plan, April 2016*, p. V.

ⁱ MH Rajesh, *op.cit.*, pp. 74-79.

ⁱⁱ The Kargil Review Committee, the Naresh Chandra Committee, the Shekatkar Committee and Parliaments' Standing Committee on Defence (15th Lok Sabha) have recommended many reforms of the national security apparatus ; some critical issues highlighted in the reports are structural reforms to enhance interaction between the Civil Government and the Services, appointment of the Chief of Defence Staff and permanent Chairman of the Chiefs of Staff Committee, overhauling the structures of the Services to enhance integration, enhancing defence outlays for defence modernisation, overhauling of defence planning and procurement procedures, overhauling of intelligence apparatus, and forming of Special Operations and Cyber Commands.

ⁱⁱⁱ As quoted by Sudarshan Shrikhande in 'Making India's Sea Power Formidable and Future Ready,' *ORF Occassional Paper 152*, April 2018. The author alludes to the secretiveness, the lack of frankness, the duplicity, and the wary suspiciousness of the Chinese.

ⁱⁱⁱ 'Cooperative Security' is a paradigm where in countries with common interests work jointly to reduce tensions, suspicion, resolve or mitigate disputes, build confidence, enhance economic development prospects and maintain stability in their regions. The term was used by March Finaud in his paper 'Cooperative Security: New Paradigm for a World without Nuclear Weapons' presented at the 'International Conference on Opportunities and Challenges for 21st Century- A Need for a New Paradigm' organised by the United Nations at Geneva on 03 June 2013. Full text of the paper available at <http://cadmusjournal.org/article/volume-2/issue-1-part-3/cooperative-security-new-paradigm-world-without-nuclear-weapons>. Accessed on 18 August 2018.

Appendix A
(Refers to Page 5)

FUNDING OF THE BELT AND ROAD INITIATIVE

Serial No	Source of Funding	Amount	Remarks
1.	Silk Road Fund	\$ 40 billion	Created expressly for BRI projects. Funded by various Chinese state institutions using currency reserves.
2.	Loans from Chinese State Run Financial Institutions	\$ 80 billion	China Development Bank, China Export-Import Bank, and China Agricultural Development Bank together lent \$ 80 billion for various BRI projects. These would, likely, continue to be the largest source of funding for the BRI in future as well.
3.	BRICS Bank	\$ 100 billion@	Created by BRICS countries with equal vote share to fund infrastructure projects in developing countries.
4.	Asian Infrastructure Investment Bank	\$ 100 billion @	Created as an alternative to the World Bank to fund infrastructural projects in Asia. China contributed \$30 billion. The bank has 37 regional and 20 non - regional members. The point to note here is that Switzerland, Germany, France and UK are among some non-regional members who have joined despite objections of the USA.

@ - total seed capital of the banks; the amount may not be available for BRI projects entirely.

(Source: Aris Stephen, 'One Belt One Road: China's Vision of Connectivity'. *CSS Analyses in Security Policy*, ETH Zurich, September 2016, p.3.)

Appendix B
(Refers to Page 5)

**NEW FUNDING COMMITMENT FOR THE BELT AND ROAD
INITIATIVE BY PRESIDENT XI JINGPING ON 14 MAY 2017**

• Additional support to Silk Road Fund - RMB 100 billion (\$ 14.6 billion)# by China	
<u>Special Lending Scheme by</u>	
• China Development Bank	- RMB 250 billion (\$ 36.6 billion)#
• China Export-Import Bank	- RMB 130 billion (\$ 19 billion) #
• Asian Infrastructure Investment Bank loans for 9 projects of BRI	- \$ 1.7 billion
• Silk Road Fund investments in BRI projects	- \$ 4 billion
• Inauguration of '16+ 1' financial holding company comprising China and 16 countries of Central and Eastern Europe	

- as per exchange rate on 04 Aug 2018.

(Source: President Xi Jinping's speech at the 'Belt and Road Forum for International Cooperation' in Beijing on 14 May 2017. Full text of the speech available at http://www.xinhuanet.com/english/2017-05/14/c_13628298.htm. Accessed on 30 Jun 2018.)

Appendix C
(Refers to Page 8)

**POTENTIAL CHINESE NAVAL MILITARY BASES IN THE INDIAN
OCEAN AND WESTERN PACIFIC REGION**

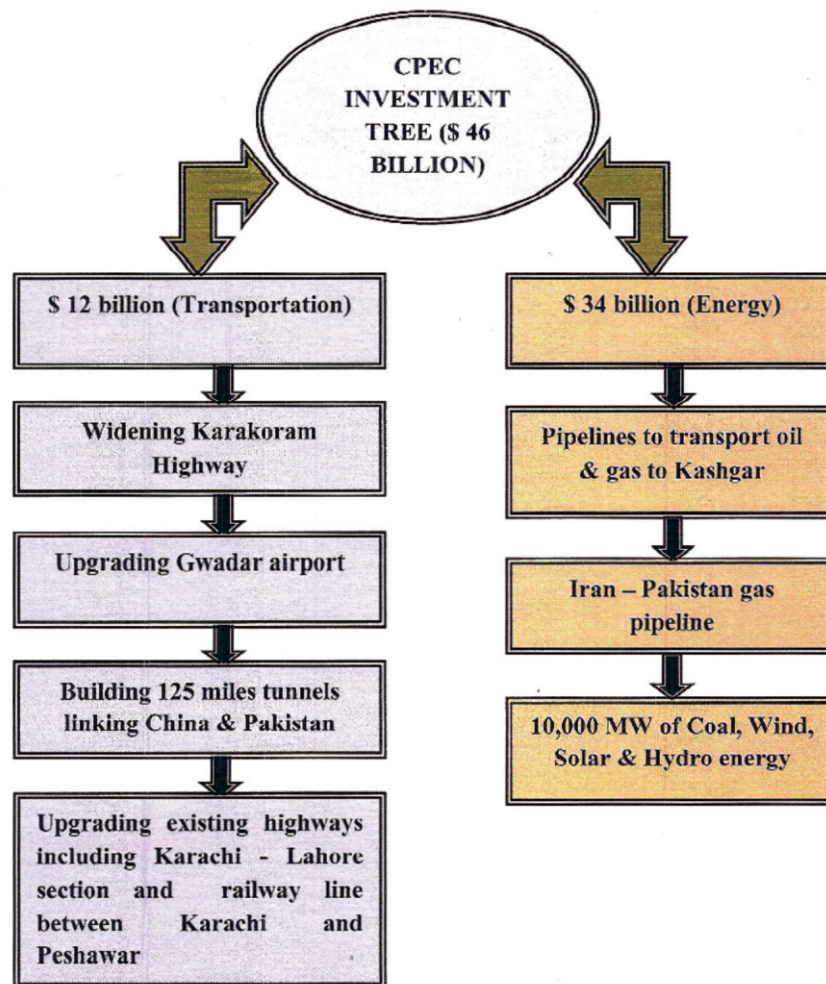
The potential Chinese naval military bases in the IOR and western Pacific are as follows :-

1. Chongjin, North Korea.
2. Port Moresby, Papua New Guinea.
3. Sihanoukville , Combodia.
4. Koh Lanta, Thailand.
5. Sittwe, Myanmar.
6. Dhaka, Bangladesh.
7. Gwadar, Pakistan.
8. Hambantota, Sri Lanka.
9. Maldives.
10. Port Victoria, Seychelles.
11. Djibouti.
12. Yemen.
13. Oman.
14. Lagos Port, Nigeria.
15. Mombasa, Kenya.
16. Dar es-Salaam, Tanzania.
17. Luanda, Angola.
18. Walvis Bay Port, Namibia.
19. Madagascar.
20. Mozambique.

{Source: Monika Chansoria, 'Chinese Naval Presence in the Indian Ocean Region'. *Indian Foreign Affairs Journal* 11, No. 1 (January- March 2016), p.17.}

Appendix D
(Refers to Page 11)

THE CPEC INVESTMENT TREE AND MAJOR PROJECTS



(Source: Irshad, Muhammad Saquib, Qi Xin, and Hamza Arshad. 'One Belt One Road: Does CPEC Benefit Pakistan's Economy?'. *Journal of Economic and Sustainable Development* 6, No. 24 (2015), p. 203.)

Appendix E
(Refers to Page 14)

**COMPARISON OF SHIPPING AND PORT SECTORS OF
INDIA AND CHINA**

SNo	Factor	India	China
1.	Port Capacity Stock (% of GDP)	1	3
2.	Number of Shipyards (that can make more than 120 meter long ships)	7	70
3.	Number of Ports in Global Top 20	0	9
4.	Container Traffic (in million Twenty Foot Equivalent)	11	185
5.	Annual Growth in Container Traffic from 2008-2012 (in million Twenty Foot Equivalent)	0.5	10
6.	Contribution of Waterways in Domestic Transportation (coastal and inland shipping)	<1 %	24 %
7.	Average Turnaround Time of Ships (in Days)	4.5	1

(Source: Ministry of Shipping, Government of India, *SAGARMALA-National Perspective Plan*, April 2016, p. II.)