

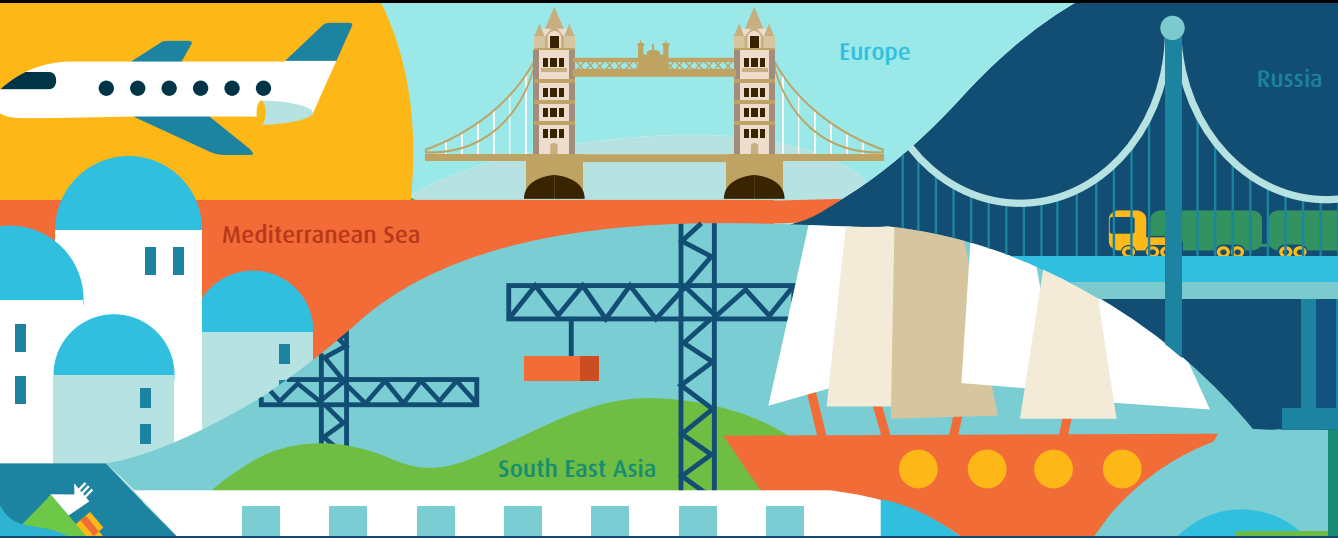
中印对话

CHINA-INDIA DIALOGUE

Belt and Road Initiative:
Solutions for India-
Pakistan Security

Why Is FDI Keeping
Its Distance from
'Make in India'?

VOL.7 NO.2 | MARCH 2017



Belt & Road Better Connections for the Connected Era



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Chinese Veteran Returns Home

In 1963, 24-year-old soldier Wang Qi got lost in a forest on the China-India border and ended up jailed in India for 7 years. After serving his sentence, Wang settled in a rural area in India and married, but always longed to return home. Decades later, he finally arrived home on February 11 this year.

Chinese Air Force Attends Aero-India Air Show

The 2017 Aero-India Air Show was held in Bangalore. It is reported that a 5-member delegation in February from the Chinese air force attended this show but didn't exhibit anything.

China-India Strategic Dialogue Held in Beijing

Chinese Vice Foreign Minister Zhang Yesui and Indian Foreign Secretary Subrahmanyam Jaishankar co-chaired a strategic dialogue in Beijing on February 22. They concurred that China and India had similar national conditions and shared common interests, creating huge potential for bilateral cooperation. The two sides agreed to cement coordination of international and regional affairs and properly address differences and sensitive issues.

Fu Ying on China-India Relations

Responding to a question from Indian media about relations between the two countries, Fu Ying, spokesperson for the fifth session of China's 12th National People's Congress (NPC), remarked that relations have improved thanks to the two countries' efforts to increase cooperation and resolve problems. Fu added that projects under China's Belt and Road Initiative are designed to promote economic development. "Ultimately, India will also benefit from it," she said. "We must remember the bigger picture when looking at such issues."

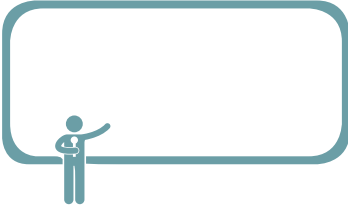


India and Pakistan to Join SCO

Leaders from member states of the Shanghai Cooperation Organization (SCO) will gather at a summit in the Kazakh capital of Astana in June, at which time India and Pakistan will become full member states of the SCO. China will assume the rotating presidency after the summit.

India-China Media Forum in New Delhi

On March 10, a media forum was held in New Delhi. Over 20 representatives from *People's Daily*, Xinhua News Agency, *Wenhui Daily*, Phoenix TV, *The Hindu*, NDTV and think tanks attended the forum and discussed media communication and potential for cooperation.



OPPO Industrial Park in India

Chinese smartphone producer OPPO is set to build a new industrial park in Noida, Uttar Pradesh state. Targeted production volume is one hundred million units per year. OPPO isn't the only Chinese smartphone manufacturer to set up assembly lines in India, where Chinese smartphones are already popular. They held a market share of 46 percent in the country in the last quarter of 2016.

Smart Urbanization Convention in New Delhi

The Smart Urbanization Convention & Exposition was held in New Delhi from March 15 to 17. Attendees included representatives from industry, government and academics in China and India, who exchanged views on the construction and future development of 100 smart cities in India.

Chindia TMT Dialogue in Beijing

The China Go Global and Second Chindia TMT Dialogue Conference was held in Beijing on March 16. Teams from companies including Xiaomi, Alibaba, Instamojo, Tripoto and Blume Ventures discussed the entrepreneurial landscapes in India and China.

Kung Fu Yoga

The Embassy of the People's Republic of China in the Republic of India, the Indian Council for Cultural Relations, and the movie festival committee of the India Ministry of Information and Broadcasting jointly sponsored a screening of the movie *Kung Fu Yoga* in New Delhi on March 16. Starring both Chinese and Indian actors, this movie follows an archeologist searching for a diamond artifact in China and India.

Belt and Road Initiative

New Cooperation and Development

By Zhang Yunling



The Belt and Road Initiative proposed by China, which aims for open cooperation and mutual development, is conducive to strengthening awareness of a community of common destiny and further promoting regional and international peace and cooperation.

Since the Belt and Road Initiative was proposed by China in 2013, it has continued to attract increasing attention both domestically and internationally for two major reasons: First, the Initiative introduced a new concept for development and cooperation that has been widely accepted. Second, it emphasizes action rather than empty talk and has

yielded tangible early results. Today, the Initiative has become far more than just a proposal calling for regional cooperation. In a broader context, it is an innovative cooperation concept and a platform embracing the whole world.

OVERCOMING THE GEOGRAPHICAL RESTRICTIONS OF WESTERN CHINA

By promoting the connectivity of the Asian,

European and African continents and their adjacent seas, the Initiative of building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road (“Belt and Road”) places special focus on infrastructure, industrial parks, port economic zones, and port logistics networks. It aims to connect several major continents and promote the free flow of investment, commodities, services, capital, technology, and personnel

to create new development momentum.

Of course, China has its own strategic considerations in proposing the Initiative. Among them, the most important is the exploration of new development space for China's economic transformation. Since China began to implement the reform and opening-up policy in the late 1970s, its eastern coastal areas have experienced the majority of the country's economic development due to their geographical advantages. While eastern China has attracted increasing inflow of resources and labor, western China remains in stark contrast, with its vitality dwindling, exacerbating China's regional disparities. In turn, unbalanced regional development has become a key roadblock hindering China's social and economic stability and sustainable development.

The Chinese government has been making major efforts to alleviate this imbalance. The biggest and most influential policy is the Western China Development Strategy, which was launched in the early 21st Century. Covering a total of 12 provinces, autonomous regions, and municipalities, the strategy provides substantial support for infrastructure construction including highways, railways, power grids and natural gas projects and encourages resources to flow from eastern to western China through preferential policies. However, years after the

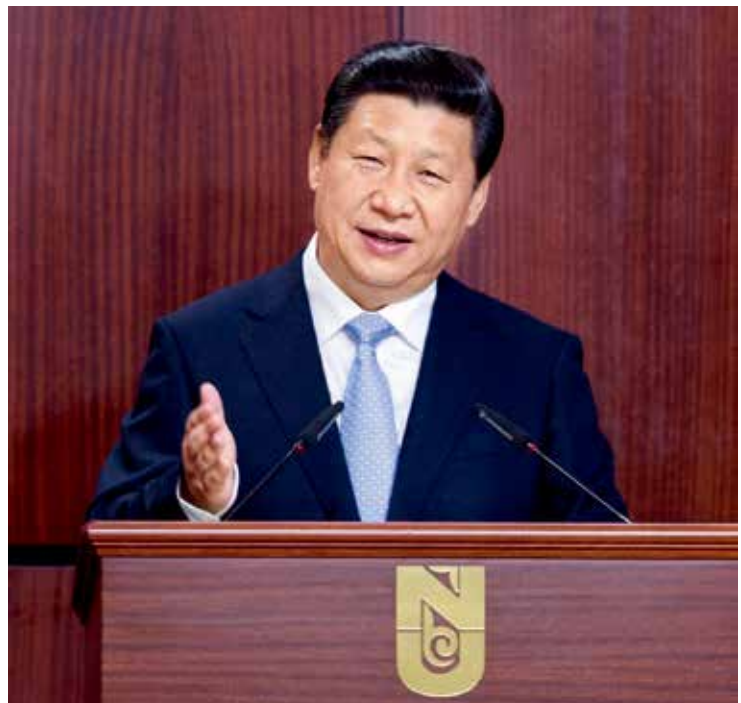
strategy went into effect, the western part of the country still hadn't witnessed impressive progress in terms of competitive strength, and unbalanced regional development hadn't seen substantial change. It became clear that a major reason for the slow progress was the geographical restrictions of western China.

Compared with the more domestically-focused Western China Development Strategy, the Belt and Road Initiative emphasizes that participation from both domestic and international players will create an even more open market for the western China region. On land, the Silk Road Economic Belt focuses on linking China, Central Asia, West Asia, Russia and Europe

and connects China directly to Southeast and South Asia to construct a new and open development belt. At sea, the 21st-Century Maritime Silk Road is designed to stretch from China's coast to Europe through Southeast Asia, the Indian Ocean, and Africa. It also connects China and Oceania to establish cooperation zones across seas and realize mutual development. Connecting China with countries along the Belt and Road will help create new space for economic development, which will benefit not only western China, but also the whole country.

Today, global economic development is undergoing adjustments that call for new ideas and initiatives.

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September 7, 2013: Chinese President Xi Jinping proposes the construction of the Silk Road Economic Belt during a speech titled "Promote People-to-People Friendship and Create a Better Future" at Kazakhstan's Nazarbayev University. [by Wang Ye/Xinhua]



The Belt and Road Initiative proposes cooperation and development through innovation, construction of a new environment for comprehensive development and the fostering of new economic growth engines driven by shared experiences, resources, and interests, to realize sustainable, inclusive, and balanced development. The Belt and Road Initiative is one of the most influential programs in the world today.

BIRTH OF AN INTEGRATED MARKET

The Belt and Road Initiative places top priority on coordination. Countries along the Belt and Road are urged to coordinate their economic development strategies and policies and design plans and measures to enhance regional cooperation to provide policy support for implementation. The second priority is

achieving connectivity among countries along the Belt and Road through building a wide-reaching infrastructure network that includes both planned infrastructure projects and relevant technical standards. The third priority is improving investment and trade conditions and removing investment and trade barriers to create a sound business environment within the region and in all affected countries. Fourth, the construction of a currency stability system, investment and financing system and credit information system aims to expand the scope and scale of bilateral currency swap and settlement with other countries along the Belt and Road, develop a bond market and found new financial institutions such as the Asian Infrastructure Investment Bank (AIIB),

the New Development Bank (NDB), and the Interbank Consortium of the Shanghai Cooperation Organization (SCO). Fifth, the Initiative promotes cultural and academic exchanges, personnel exchanges and cooperation, media cooperation, youth and women exchanges and volunteer services to win public support and deepen bilateral and multilateral cooperation. As a large developing country, China, the designer and key driver of the Initiative, will provide key capital input and technical support for the aforementioned cooperation and development.

Facility connectivity is a priority area for implementing the Initiative. Connectivity involves infrastructure construction, legal alignment, rules and technical standards, as well

November 22, 2015: Chinese Premier Li Keqiang attends a ceremony held to release the Joint Statement on the Regional Comprehensive Economic Partnership Negotiations in Kuala Lumpur. [by Liu Weibing/Xinhua]



By participating in construction of the Belt and Road, these countries can merge their own development into the bigger regional cooperation network.

as personnel exchanges and flow among countries along the Belt and Road. Focus on infrastructure demands the construction of modern transportation networks. The key aim of enacted policies, rules and technical standards on connectivity is to significantly reduce or eliminate restrictions on transportation, trade, and investment. Focus is placed on personnel flow to facilitate engineering technology exchange, corporate cooperation, educational and cultural personnel exchange, and cross-border tourism. China has accumulated abundant management experience on infrastructure network construction and possesses the necessary equipment as well as technical skills, enabling it to play an important role in improving infrastructure in countries along the Belt and Road.

Investment and trade cooperation is a major pillar of the Belt and Road. The Initiative strives to improve investment and trade facilitation and remove investment and trade barriers to create a sound business environment

within the region and in all related countries. The Initiative advocates cooperation that will expand trade and investment and upgrade related structures. Via various measures like improving infrastructure, founding industrial parks and port networks, raising funds and increasing capacity, the Initiative aims to create greater space for development.

Financial integration is an important backing for the implementation of the Belt and Road Initiative. Financial integration covers a long international financial agenda including monetary stability, project financing, bilateral currency swap and settlement, bond market, and RMB-denominated bonds. Various financial agencies including AIIB, NDB, Silk Road Fund, China-ASEAN Interbank Association and SCO Interbank Consortium should play supportive roles in multilateral financial cooperation. Cooperation on financial regulation and supervision will be strengthened under the Initiative. An efficient regulation coordination mechanism will be established to improve the risk response and crisis management systems. A regional financial risk early-warning system will emerge, and a communication and cooperation mechanism to address cross-border risk will be created. These joint efforts will help promote currency stability, enhance the capability of the credit system and encourage commercial equity investment funds and

private funds to participate in the construction of key projects of the Initiative.

Close people-to-people ties will facilitate public support for implementation of the Initiative. Building the Belt and Road not only involves economic cooperation, but also features extensive cultural and academic exchanges, personnel exchanges and cooperation, media cooperation, youth and women exchanges and volunteer services, all of which will help win public support for deepening bilateral and multilateral cooperation. Through various cooperation mechanisms, the Initiative aims to promote personnel, tourism, and sports exchanges, epidemic information sharing, exchanges of prevention and treatment technologies and training of medical professionals. Additionally, the Initiative will integrate existing resources to expand and advance practical cooperation between countries along the Belt and Road on science and technology, youth employment, entrepreneurship training, vocational skill development, social security management, non-governmental exchanges, and city-to-city cooperation.

Considering countries along the Belt and Road feature contrasting development levels, the Belt and Road Initiative would be impossible to implement if it adopted a unified plan. China's construction in various fields should coordinate the development strategies of

other countries along the Belt and Road for win-win results that benefit every participating party. The economic development of many countries along the Belt and Road lags behind due to a lack of infrastructure investment. By participating in construction of the Belt and Road, these countries can merge their own development into the bigger regional cooperation network and break through their own limitations on transnational links and logistics networks.

In the future, construction of the Belt and Road will gradually improve the connectivity of Asia, Europe and Africa. By constructing an infrastructure network, the Belt and Road will provide a new environment for developing new industrial zones, financial centers, free trade zones, and investment zones as well as some other comprehensive projects such as oil and gas pipelines, power grids, internet infrastructure, power lines, and telecommunication networks. These moves are bound to create a huge market fusing Asia, Europe and Africa.

“OPEN REGIONALISM”

In contrast with traditional development aid, construction of the Belt and Road will adopt cooperation requiring joint participation, planning and construction, after which any fruits will be shared by all participants. Every participant is an equal partner. Geopolitically, since the construction of the Belt and Road involves more than 60 countries, it requires



July 27, 2016: Three core modules for liquefied natural gas, constructed by Wuchang Shipbuilding Industry Group and with a total weight of 7,000 tons, set off for Russia’s Yamal Peninsula from China’s Qingdao. [by Wan Houde/Xinhua]

active participation and close cooperation from all relevant parties. The Initiative always follows the principle of mutual consultation with all affected parties before any joint construction commences. Great efforts will be made to coordinate the development strategies of all participating countries.

After more than three decades of rapid economic growth, China has reached a “new normal” in terms of economic development. The country is now experiencing slower but higher quality growth. China’s manufacturing industry needs to find new places with lower costs and improve technology to maintain its competitiveness. The cooperation mechanism proposed by the Initiative

will integrate the massive space for development and cost advantages of developing countries in Asia and Africa, but contrast previous practices such as relocating outdated and high-polluting productions to other countries. The Initiative emphasizes that investors need to design and build new industries alongside locals through mutual consultation. From this perspective, it helps expand and upgrade industry.

Most countries and regions along the Belt and Road are developing economies with per capita GDP measuring less than half of the world’s average. No single country can establish a quality infrastructure network on its own. Since infrastructure development requires long-term investment, support



and cooperation from public funds and financial institutions are tremendously important. AIIB created a new model for infrastructure development and cooperation financing, which will help break bottlenecks restricting long-term investments. AIIB membership is open to all countries that are willing to contribute to Asian development and global economic development. Operation of the institution strictly follows international rules, and decisions are jointly made by all members.

The global economy is facing great challenges and undergoing painful adjustments. Because of the widening income gap and the exacerbation of unbalanced development, trade and investment growth has slowed, and protectionism is prevailing. Construction of the Belt and Road will foster a new mode of openness, cooperation and development.

With governmental support and the participation of international organizations, the Initiative is sure to attract abundant public and private capital, which will help improve both the internal and external environment for trade and investment, and unleash further potential for economic development.

Of course, because countries along the Belt and Road feature diverse national conditions and interests, pulling them together to build the Belt and Road is not an easy task. Various risks including political instability, investment barriers and the threat of terrorism threaten the process. Avoiding them requires in-depth research, comprehensive understanding of the situation, and a balance of benefits with risks. At the same time, the construction of the Belt and Road aims for long-term development rather than short-term gains. Priorities must be defined when promoting construction, and proceeding too quickly should be avoided. China, as the advocate of the Belt and Road Initiative, must coordinate the interests of various parties, assess the risk of various commercial projects, strengthen bilateral economic and trade agreements and regulations, promote successful modes of cooperation, establish key entrepreneurial projects and seek aligning interests on economic development, political cooperation, security, and personnel exchanges among the countries. In terms of the priorities in

implementing the Initiative, an effective coordination mechanism is necessary to ensure that first things happen first, the interests of different countries are balanced and every participant benefits.

The Belt and Road Initiative will help establish a new, cooperative and win-win regional and international order. In particular, against the backdrop of profound global economic changes, the Initiative provides a new concept and path to improving the comprehensive development environment for developing economies and creates new development momentum by unleashing participation enthusiasm and mobilizing resource input. The Initiative will help the world economy get rid of recession and enter a new phase of development. Today, a variety of answers and solutions should be ready to address development problems. While the Trump administration advocates an “America first” protectionist doctrine, China’s Belt and Road Initiative aims for open cooperation and common development, making it even more important today. A call for cooperation rather than strategic competition, the Initiative promotes awareness of a community of shared destiny and fosters regional and international peace and cooperation. ■

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The author is Member of the Chinese Academy of Social Sciences (CASS) and director of the Academic Division of International Studies, CASS.

India-China Relations Careful Climb to Normalization

By Sreemati Chakrabarti



As the world's two fastest-growing major economies, China and India can only reach their highest potential together by putting aside past issues.

When Prime Minister Rajiv Gandhi visited China in 1988, ties between India and China finally began to improve after twenty-six years of strain. During the 1990s and the first decade of the 21st century, visible transformation in the interactions between the two countries was seen. Several confidence-building measures were implemented, trade expanded phenomenally and educational exchange and tourism began to grow. At the

political level, visits by top leaders, including heads of states and governments of each country, began occurring regularly. Since 1976, the border has been peaceful, and not a single shot has been fired by either side. Governments on both sides consider relations cordial and peaceful, aside from a handful of minor hitches.

Although no one refutes the clear advancement of the bilateral relationship, a strong trust deficit continues to plague the two nations, evidencing that relations have

still not completely normalized. In both India and China, the public perception of the other tends to still be flavored by suspicion and mistrust. The free media of India and popular social media platforms in China play major roles in preserving the negative perceptions. Large numbers of Indians still believe that China betrayed their trust in 1962 and will likely do so again. Because China has grown economically into a major power and now commands the second-largest military in



November 26, 2014: Xia Baolong (left), the Provincial Party committee of secretary of Zhejiang Province, shakes hands with Sidharth Kumar Birla, chairman of Xpro India Ltd. and president of the Federation of Indian Chambers of Commerce & Industry (FICCI), during the India-China Business Cooperation Conference in New Delhi, India. [CFP]

the world, apprehensions about the nation are greater.

Conversely, the Chinese fear that India is waiting to play the Tibet card. With the Dalai Lama residing in India and a few hundred thousand Tibetan refugees taking shelter there, China is continually wary of the possibility of India using the Tibet issue to manipulate China. Chinese apprehensions about India have increased since the nuclear deal between India and the United States in 2008. China perceives the deal as an attempt to contain it. India's efforts to strengthen ties with Japan also threaten the Chinese because of the history of bitter relations between those two countries.

From India's perspective,

three issues need to be settled before relations can normalize: the border dispute, China's silence and support of Pakistan on the Kashmir issue, and the Tibet issue. None of these are likely to see resolution any time soon. They are not, however, problems necessitating the abatement of engagement with China.

Recently, China's obstruction of India's bid to join the NSG and refusal to label Masood Azhar a terrorist have exacerbated the trust deficit, but many still hope that the situation will soon change. India's reservations about the China-Pakistan Economic Corridor (CPEC) must also be addressed by China because the project goes through

territory that India claims is unrightfully occupied by Pakistan.

The CPEC is considered part of China's big policy drive called the Belt and Road Initiative. The Chinese government aims for increased connectivity, trade and tourism by developing infrastructure in the region

A strong trust deficit continues to plague the two nations, evidencing that relations have still not completely normalized.



March 3, 2016: Hugo Barra, vice president of Xiaomi Global, unveils the Redmi Note 3 phone in New Delhi, India. [CFP]

around China, primarily along the traditional routes of the Silk Road. Several countries in the region have shown enthusiasm for the massive initiative.

India, however, is still apprehensive about certain parts. It is primarily concerned that the project is more than just an economic policy – it also plays to China’s strategic objectives. As I understand it, China’s recent economic downturn is the primary inspiration for this initiative, and it will certainly help stabilize the Chinese economy while promoting growth in other participating countries. If India does not seize opportunity that others do, who loses? In the end, everyone does. India has a robust security and intelligence apparatus and does not need to worry about China as a threat.

There is another side to the story. Today, approximately

14,000 Indian students are pursuing higher education in China, thousands of small and medium businesses have boomed thanks to Chinese trade, and Indian films are making inroads into the Chinese entertainment sector. The popularity of both yoga and Ayurvedic medicines are on the rise in China. An impressive volume of Chinese officials, academics and business delegations visit India each month to work with their counterparts in India. With the Indian government’s decision to grant e-visas to Chinese tourists making short visits, even greater cross-border exchange is being promoted. The personal bond between many Chinese and Indian individuals who do business with one another is often very visible.

We must not forget that India and China are two ancient civilizations that have existed in harmony for

millennia. A wall has never divided the two civilizations. Only after both India and China emerged from development as major global nation-states was an explicit border – a narrow line dividing people – even necessary. The nation-state syndrome is rooted in the colonial experiences of both India and China. As long as the two countries pursue only nationalist agendas, relations will remain static. However, despite all the constraints, better and greater people-to-people contact is still possible. We can only hope that one day such contact will melt feelings of mistrust and help both countries reach their highest potential, together. 📱

The author is head of the Department of East Asian Studies and dean (Social Sciences) at Delhi University. She is also vice-chairperson and honorary fellow at the Institute of Chinese Studies, Delhi.

Dialogue Over Doubt for China and India

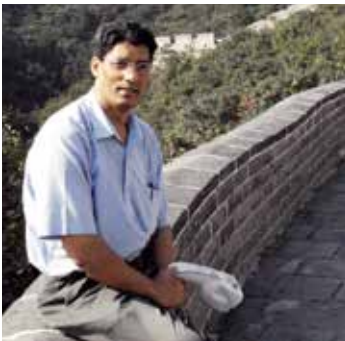
Interview with Professor B. R. Deepak from the Center of Chinese & Southeast Asian Studies, Jawaharlal Nehru University

Text by **staff reporter Wen Zhihong**
Photographs courtesy of B. R. Deepak

India needs to think outside the box, change old mindsets and mentalities and overcome fears about China through dialogue, connectivity and communication.

In the autumn of 1991, soon after receiving a master's degree from the Center of Chinese & Southeast Asian Studies at Jawaharlal Nehru University, B. R. Deepak boarded a plane to Hong Kong and then Beijing, where he spent two years at Peking University as a visiting scholar. During his

B. R. Deepak, a famous Indian sinologist, believes that disseminating Chinese classical culture in India will help Indians better understand China.



stay in Beijing, Deepak fell in love with Wang Yao, a Chinese girl attending Peking University. Several years later, they got married.

At the time, no direct flights connected India and the Chinese mainland, and only a few Indian students studied in China. Transnational marriages between the two countries were even rarer. Today, however, Chinese and Indian people in many cities can fly directly to each other's countries, and the volume of Indian students studying in China exceeds 13,000. Mixed marriages between Chinese and Indians have become commonplace.

After decades of academic work as a Professor of Chinese at Jawaharlal Nehru University, Deepak is now a renowned sinologist, translator and expert on China-India relations. He



In the early 1990s, while studying at Peking University, B. R. Deepak met his future wife, Wang Yao.

stresses that although China-India relations remain a tiny slice of international exchange in the world, the bilateral relationship has seen a tremendous transformation compared to what it was 26 years ago.

During his most recent trip to Beijing, Professor Deepak sat down with *China-India Dialogue* to talk about issues including China-India relations and cultural exchange. He spoke Chinese

throughout the interview and directly addressed old and new problems that the two countries face. As an expert on Chinese culture and civilization, he has a deep insight into the national personality of Chinese people and China's diplomacy. He believes that the solution to the normalization of China-India relations is dialogue over doubt.

"BELT AND ROAD" TO INDIA?

On November 5, 2016, Deepak gave a lecture on the China-proposed Belt and Road Initiative at Doon University in Uttarakhand, India. The northern Indian state of Uttarakhand borders China's Tibet Autonomous Region on the western route of the Belt and Road. As founder of the Department of Chinese at Doon University, Deepak hopes that more Indians, especially young people, will become familiar with China and the Belt and Road Initiative. So far, outside of academic circles, most Indians have no idea about it.

China introduced the Belt and Road Initiative in 2013, aiming to optimize its advantages in transportation engineering, promote in-depth connectivity with neighboring countries through infrastructure, connect "growing Asia" to "developed Europe" and accelerate regional and global development.

Over the past three years, more than 100 countries and international organizations have voiced support for the Initiative, and over 40 countries and international

organizations along the Belt and Road have signed cooperation agreements with China. However, India, the biggest southwestern neighbor of China, isn't among them. According to Deepak, India has shown a reluctant attitude towards the Initiative because many Indians think "China is indifferent to India's sensitivities." For instance, the China-Pakistan Economic Corridor, a landmark project along the Belt and Road, involves areas disputed by India and Pakistan, and opposition forces in northeastern Indian states are a major security concern for the Indian government. It would be difficult for China and India to cooperate in such areas.

However, Deepak doesn't agree with the Indian government's attitude towards the Belt and Road Initiative because he believes that missing the opportunity won't benefit India's security interests. "Negotiation is the best way to solve bilateral problems," he remarked. "India should communicate with China and Pakistan to explore the possibilities of expanding western branch routes of China's economic corridors to India, not necessarily through the disputed territories between India and Pakistan but, say, via Afghanistan and China's Xinjiang, which would promote trust between all the three parties."

Deepak suggests that expanding the China-Pakistan Economic Corridor to western Indian states such as

Gujarat would likely facilitate trust between India and Pakistan. In terms of energy cooperation, although the Turkmenistan-Afghanistan-Pakistan-India gas pipeline project was already launched at the end of 2015, instability in some areas through which the pipeline passes needs to be addressed. In this context, "India could discuss building another economic corridor that expands the infrastructure connectivity between China's Xinjiang Uygur Autonomous Region, Central Asia and a region in northern India, like Ladakh. Border disputes can be suspended and shelved and shouldn't hinder cooperation on infrastructure and economic exchange."

According to the construction plan for the southern railway network under the Belt and Road Initiative, the rails linking China's Xigazê to the China-Nepal border are under construction and scheduled to be completed in 2020. After that, the railway will further expand to reach Kathmandu and other Nepalese cities. "India's border areas are some of its poorest," Deepak noted. "If Chinese and Indian railway networks can connect to each other through the China-Nepal railroad, not only will local residents benefit, but also the threats to regional security will be minimized and economic cooperation enhanced. All three countries will benefit. Why aren't we doing this?"

Many Indians believe that cooperation with China

would compromise India's security. However, Deepak suggested that Indians think outside the box, change old mindsets and mentalities and overcome fears about China through dialogue, connectivity and communication. "Doubt will only worsen the situation," he added.

"INDIA NEEDS CHINA"

In Deepak's eyes, a rising China has become an important factor in China-India relations. "China's rise is changing international political and economic landscapes and global power structures, and India should be aware of this fact," he noted. "Many Indian scholars envy China's achievements in development, namely lifting more than 700 million people out of poverty in only a few decades, but they are now afraid of a rising China. India pays close attention to China's increases in defense spending. In fact, the increases are

results of the economic miracle China created. India will also be able to invest greater funds in national defense if its overall strength is remarkably enhanced."

Since the beginning of 2016, China-India relations have continuously deteriorated due to disagreements on issues like fighting terrorism, India's entry into the Nuclear Suppliers Group (NSG), the Belt and Road Initiative, border disputes and issues concerning the Dalai Lama. During last year's Diwali festival, a campaign against Chinese imports swept across Indian social media platforms. Deepak believes that such phenomena reflect the nationalist ideology advocated by the Modi administration and the Bharatiya Janata Party, which is becoming another major factor impeding the improvement of China-India ties.

"The 'nationalist' tendencies of the Modi

administration have caused minor disputes to become big problems," Deepak explained. "This isn't a smart way to operate, and China-India relations shouldn't be hijacked by such problems. Neither anti-terrorism efforts nor India's entry into the NSG should top the agenda of bilateral ties. The savvy strategy is to tackle bilateral relations from a broader perspective with the changes in the global political power structure considered. A narrow view benefits neither party, undermines bilateral relations and exacerbates mutual distrust."

Despite the constant twists and turns in China-India relations, the two countries share many commonalities in economic development strategies. India's domestic connectivity plans are in sync with the Belt and Road Initiative, and China's economic transformation may benefit from the "Make in India" plan. A promising future for economic and trade cooperation between the two countries awaits. More than 500 Chinese companies have already registered to do business in India. Of the world's major economies, India has become the destination where China's overseas investment has seen the fastest growth. In 2016, Chinese investments in India totaled US\$1.06 billion, six times that of the previous year. "Although India has never publicly expressed its willingness to join the Belt and Road Initiative, the Modi administration has taken wise steps to promote practical

June 15, 2016: During a visit to Beijing Language and Culture University, B. R. Deepak participates in several activities with students, introduces the cultures of various countries, shares reading experiences and makes traditional handicrafts.



cooperation,” remarked Deepak. “The agreements signed by leaders of the two countries during their mutual visits involved cooperation between enterprises from both sides.”

Deepak pointed out that in the field of energy, especially electricity, Chinese and Indian enterprises have worked closely with each other. About 80 percent of India’s power equipment comes from China, and many Indian industrial giants, including Reliance Industries, emerged with the assistance of Chinese companies. Similarly, India is known as the “pharmacy of the world,” but the low cost of Indian medicine can largely be attributed to the fact that 90 percent of their raw materials are imported from China. India’s pharmaceutical industry would be severely impacted if China stopped exporting raw materials. “China has played an important role in India’s economic development,” commented Deepak. “Although bilateral trade volume remains less than ideal, the two countries are already good partners. We’ll see better results if the two sides find more ways to cooperate in economic and social development and dock their respective development strategies.”

In early March of this year, scholars from the New Delhi-based Vivekananda International Foundation and the U.S.-based Hudson Institute called for enhanced collaboration between India, Japan, and the U.S. at a

We’ll see better results if the two sides find more ways to cooperate in economic and social development and dock their respective development strategies.

conference on future India-U.S. relations, which caused a buzz. According to Deepak, the security gap between China and India will further widen as New Delhi cozies up to the U.S. and Japan. “However, India will definitely not become a sidekick of the U.S. because it considers itself a big power and hopes to play an independent role in international affairs,” he added.

USING LITERATURE TO UNDERSTAND CHINA

Serampore is a small town in Calcutta, capital of the eastern Indian state of West Bengal. Its name is obscure to the vast majority of Chinese people. In 1809, the earliest English version of China’s Confucian classic *The Analects* was printed there. British missionary Joshua Marshman translated the first nine chapters of *The Analects* into English. Thirteen years later, in 1822, he published the first Chinese version of the Bible in the Indian town.

This episode of history drew Deepak’s attention when he studied China-India relations. He explained that

India had already launched a program on Chinese language training in the 19th Century while the country was under British colonial rule. However, the program was suspended due to a lack of students. In 1921, Indian Nobel Laureate Rabindranath Tagore founded Visva-Bharati University in Santiniketan and invited several sinologists to teach Chinese culture. Tan Yunshan, hailed as a “great scholar” by former Indian Prime Minister Indira Gandhi, was among them. He founded the magazine *Sino-Indian Studies* and established the Cheena Bhavana (Institute of Chinese Language and Culture) in 1937. Many old books in the university’s library were brought there by Tan from the Chinese mainland during the Republic of China period (1912-1949).

But Deepak expressed regret about India’s minimal efforts to teach the Chinese language and translate Chinese works over the past decades, calling them “disappointing,” especially considering that translated versions of Chinese classics had already appeared in India two centuries ago and ancient generations of Chinese and Indian scholars were committed to promoting cultural exchange between the two countries. Currently, the two sides lack formal dialogue mechanisms in areas like university cooperation, media communication and tourism. Language barriers and insufficient communication are directly hindering mutual trust and

the development of economic relations.

Deepak showed deep interest in Chinese literature, especially ancient works. He became the first Indian to translate an anthology of classical Chinese poems into Hindi. In 2009, he published *Chinese Poetry*, which featured 88 ancient poems dating from the Spring and Autumn Period (770-476 BC) to the Yuan Dynasty (1271-1368), translated into modern Hindi. He has a profound understanding of Chinese literary classics. In his eyes, *Li Sao* by poet Qu Yuan (340-278 BC) of the Warring States Period (475-221 BC) has an elegant writing style, poems of the late Tang Dynasty (618-907) resemble *ci*, a form of classical Chinese poetry popular in the Song Dynasty (960-1279), and classical prose before the Qin Dynasty (221-206 BC) is immersed in populist ideology. “Those literary works demonstrate the many aspects of Chinese society,” concluded Deepak. “They mirror Chinese civilization and culture.”

Deepak believes both China and India have long been neglecting cooperation in publishing. Within the nearly two hundred years after Marshman translated the first nine chapters of *The Analects* into English, Indians haven't translated many other Chinese classics into Hindi. About a dozen years ago, Deepak began translating the four Confucian classics—*The Great Learning*, *The Doctrine of the Mean*, *The Analects*, and *The Mencius*—into Hindi. The translation proceeded slowly,



As well as *The Analects*, the Hindi versions of the other three of the Four Confucian Classics, namely *The Great Learning*, *The Doctrine of the Mean* and *The Mencius*, are also about to hit the shelves. The translation of two classical Chinese novels—*Dream of the Red Chamber* and *Romance of the Three Kingdoms*—is ongoing. In addition, the book on classical Chinese literature compiled by Professor Deepak has been used as a textbook by M.A. students of Chinese language and literature in India.

given cultural differences between the two countries. Furthermore, those books were written in ancient Chinese, which is hard to read even for well-educated modern Chinese people. Based on what he learned from an ancient Chinese class during his stay at Peking University, Deepak eventually finished the translation project with the help of dictionaries, the internet and references from other foreign versions.

Finally, in 2013, the two countries launched a high-level project on translation and publication of Chinese and Indian classics and modern works. As the head of the Indian side, Deepak was a central voice in the selection of Chinese works to be translated, and the four Confucian classics he completed were included in the project. Another 24 classical and modern Chinese

literary works that had never been translated into Hindi, such as *Dream of the Red Chamber* and *White Deer Plain*, were also included. The final Hindi manuscripts of Chinese books such as *Rickshaw Boy*, *To Live*, and *Little Red Flowers* have reached the desks of publishers and are expected to hit shelves soon.

Many of Deepak's Indian students have shown great interest in classical Chinese culture of the Tang and Song dynasties, but fail to deeply understand them due to limited Chinese language abilities. Even so, Deepak still considers it meaningful to spread classical Chinese culture in India because it is the “gene of Chinese civilization.” “If Indians can touch Chinese culture, they can better understand China, which will enhance mutual understanding and friendship.”

Belt and Road Initiative India's Dilemma

By Lin Minwang

Whether to join the Belt and Road Initiative has become a thorny, awkward situation for India.

On February 22, 2017, Chinese Vice Foreign Minister Zhang Yesui and Indian Foreign Secretary Subrahmanyam Jaishankar held the first China-India Strategic Dialogue since Prime Minister Narendra Modi took office. The meeting marked the resurrection of another important communication mechanism between the two countries after the fourth China-India strategic economic dialogue held in October 2016. Although no significant breakthroughs were made on disputes between the two countries, the resumption of the strategic dialogue mechanism itself signified that China-India relations are stabilizing and returning to a track of sound development rather than constant deterioration.

As to whether India would attend the Belt and Road Forum for International Cooperation in May this year,

Jaishankar revealed that the Indian government was still considering it a possibility. Considering India's diplomatic rhetoric history, if they say they're "considering it," usually it is a quite negative answer. At present, India is the only country among China's neighbors not yet to officially voice support for the Belt and Road Initiative. According to India, the reason is that the China-Pakistan Economic Corridor, a flagship project under the Initiative, passes through Pakistan-controlled Kashmir.

In early 2015, Indian strategic researcher Raja Mohan wrote that from the Chinese perspective, it was a smart move to invite India to join the maritime Silk Road project, but New Delhi was in a dilemma: working together with China in the maritime domain or limiting Beijing's influence in the Indian Ocean region. However, from the perspective of economic cooperation, the Belt and

Road Initiative meets the needs of the Modi administration's "Make in India" plan and its ambition to expand international economic collaboration. The situation, however, looks different when New Delhi considers the Belt and Road Initiative from a geopolitical angle.

In his speech at the first Raisina Dialogue in 2016, Jaishankar offered a systematic description of India's view on regional connectivity, which reflected the country's geopolitical worries over the Belt and Road Initiative. He said that "connectivity initiatives based on different strategic interests were emerging on the Asian continent," by which he was referring to Russia's Eurasian Union, China's Belt and Road Initiative, Japan's plan to expand Asian infrastructure investment, and the New Silk Road initiative proposed by the United States.

Jaishankar stressed that

India can't turn a blind eye to the endeavors of other countries to improve connectivity which will impact the future and evoke unnecessary competition without accepted security architecture in Asia. He added that connectivity was intended to reduce competition between countries in the region instead of intensifying it. "If we intend to create a multipolar world, the right thing to do now is to create a multipolar Asia," he opined. "Only open consultation on future connectivity can help achieve this goal."

In the eyes of the Indian government, regional connectivity inherently has geopolitical connotations, and security concerns should take priority over economic cooperation initiatives. From India's perspective, forming a "multipolar Asia" must offset China's advantage in overall strength. Thus, supporting China's Belt and Road Initiative would deviate from India's overall diplomatic goal. However, India will have a difficult time enhancing the connectivity of South Asia and checking China's influence through its own efforts. Consequently, India has turned to Japan for assistance in promoting connectivity projects such as domestic high-speed railways and the Chabahar Port project in Iran.

An awkward situation India faces is that Russia, one of its traditional strategic partners, has chosen to embrace the Belt and Road Initiative. Moreover, Russia is working with China and Mongolia to



April 22, 2014: The 14th Western Pacific Naval Symposium opened in Qingdao, China. Seven warships from India, Brunei, Singapore, Malaysia, Pakistan, Bangladesh and Indonesia joined exercises with the Chinese navy. This picture shows an Indian officer aboard a Shivalik-class frigate. [CFP]

build the China-Russia-Mongolia Economic Corridor. From the perspectives of both history and public opinion, Russia is an intimate friend of India. However, Russia joined hands with Pakistan, India's top rival, to hold a joint military drill in 2016. Since the beginning of 2017, rumors have swirled that Russia and Iran are seeking to join the China-Pakistan Economic Corridor. If this becomes reality, India will fall into an even worse bind. As Jaishankar noted at the China-India Strategic Dialogue, India's territorial claims in the disputed areas will be directly impacted if the China-Pakistan Economic Corridor becomes a multilateral project.

Another sticky situation for India is that most small South Asian countries welcome China's economic presence in the region and have publicly expressed enthusiasm and support for the Belt and Road Initiative. For instance, Bangladesh has expressed excitement about the prospects of substantive

progress in the construction of the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor, but hasn't yet dared take assertive action due to India's reluctance towards the project. Nepal hopes to break its geographical barriers to become a "bridge" or "passage" between China and India via a China-Nepal-India Economic Corridor built as part of the Belt and Road Initiative. However, India's negative posture towards the idea has tied the country's hands. If India continues to distance itself from economic cooperation projects involving China and South Asian countries, all of the participants will certainly move further from India, which is not in its best interests.

Whether to join the Belt and Road Initiative has become a thorny, awkward situation for India. ⁶⁶

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Cooperation in Prosperity

What China and India Should Do

By Prem Shankar Jha

The Belt and Road Initiative will create a mutually beneficial framework for the world's two fastest-growing major economies.

China and India are now the fastest-growing major economies in the world, a situation that has inspired journalists around the globe to speculate about competition between the two. Some have likened China to the Hare and India to the Tortoise in the classic fable. Indeed, Chinese speed could give way to Indian steadiness, given the latter's much younger population and its smoother growth trajectory. But ultimately, such comparisons only serve to divert attention from the opportunity the two countries now have to contribute to each other's prosperity and mitigate threats to world peace brought about by prolonged global economic stagnation.

The competitive angle to the bilateral relationship has been overtaken by a growing

complementary capacity. China has become an industrial giant, but its uncoordinated growth has caused extreme overcapacity, especially in heavy industry. Today, China has an estimated 200 million tons of surplus steel production capacity and has pledged to retire 150 million tons of it in the coming years.

The situation is similar for China's coal mining and thermal power generation. A total of 300,000 MW of generating capacity has been added since 2013, more than India's entire power generation capacity, but demand for power has barely increased. As a result, existing plants are working at just over 50 percent of capacity. Cement, non-ferrous metals, plate glass, oil refineries, and even the garments industry are in a similar plight. But the problems these industries

face pale in comparison to those of the heavy engineering and construction industries. With so much excess capacity, new plants will not be needed for some time, leading to fears for the labor force.

India, on the other hand, has been suffering for decades from an infrastructure famine. Its road network is in terrible condition; it experiences frequent power shortages (especially at peak load times), its railway system is antiquated, and its ports get jammed with cargo they cannot handle. The Hyundai automobile plant in Chennai, for instance, ships vehicles all the way around the Indian peninsula instead of taking the much shorter land route by road or rail.

The complementary characteristics of the two economies are clear. China needs to keep its machinists and heavy industry working while it rebalances its economy. India needs to attract foreign investors and to persuade Indian corporations to invest in India. To do this, India must improve the ease of doing business, for which first-class infrastructure is paramount.

In 2011, then-Prime Minister Manmohan Singh estimated that India would need to invest one trillion dollars in infrastructure between 2012 and 2017, almost three times the amount spent between 2006 and 2011, to maintain its growth rate. Barely half of that investment has been achieved. In order for India

to build infrastructure comparable even to that of Southeast Asian countries, it needs considerably greater investment in the coming five years.

China has the resources to make major contributions to meeting Indian demand. It can work with India not only at a lower cost, but at a much faster speed than Western companies. Proof of China's capabilities includes the completion of the colossal Three Gorges project on the Yangtze River in less than 12 years and the 19,000 km network of tracks traveled by 2,000 bullet trains in only 11 years. Chinese companies could give Indian enterprises unique insights into China's methods of executing mass-production infrastructure projects on a national scale, something no other developing country has yet been able to do.

The framework for the two countries to cooperate already exists in China's Belt and Road Initiative, which will mostly be financed by the Asian Infrastructure Investment Bank. Although India was the second largest contributor of seed money to

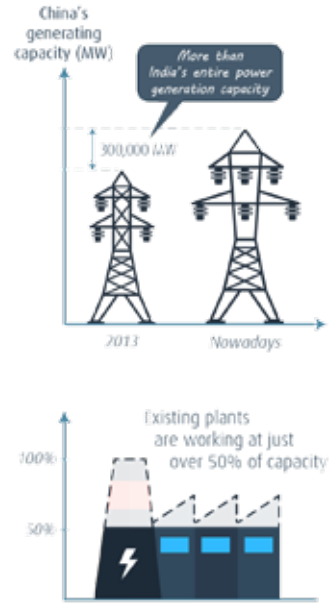
the AIIB, it has so far shied away from joining the Initiative, despite several hints by Chinese leaders that they would welcome India's participation.

India's wariness is born of uncertainty about China's intentions. Indian analysts emphasize the security and strategic challenges the Belt and Road Initiative could pose to India's pre-eminence in South Asia. Viewed on a map, its two strands, the Silk Road Economic Belt and the Maritime Silk Road, appear 21st Century intended to loop around India to its north, east and south, isolating it from its neighbors and severely restricting its sphere of influence.

But this interpretation of China's intentions is too India-centric, and is almost certainly residue of the trauma inflicted on the Indian psyche by the border war of 1962. There is little appreciation in India of the challenges Beijing has faced from the economic slowdown since its fiscal stimulus program ended in 2011.

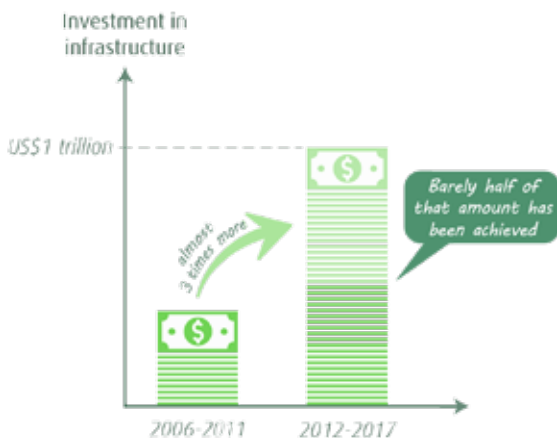
Through the Belt and Road Initiative, Beijing will gain alternate routes to many

countries. New overland routes will cross through central Asia and Russia to Europe; the China-Pakistan Economic Corridor will link to the Arabian Sea, Africa and the Middle East, bringing benefits for all the nations



along these routes.

New Delhi was aware of this development during the Singh administration, so it steadily promoted bilateral economic and political relations with Beijing. That administration regarded the Belt and Road Initiative as an opportunity, and did not consider the passage of China's economic corridor through Gilgit a challenge to India's national sovereignty over Pakistan-administered Kashmir. That position, regrettably, has been reversed by the Modi administration. What was a potential win-win situation for both China and India has become a potential conflict in which both countries could lose. People in both nations should hope that the reversal is temporary, and that better sense will soon prevail. ⁹⁶



The author is a senior journalist and author of *Twilight of the Nation State: Globalisation, Chaos and War and Crouching Dragon, Hidden Tiger: Can China and India Dominate the West?*

Belt and Road Initiative Solutions for India- Pakistan Security

By Hu Shisheng

Only cooperation and win-win development will lead to long-lasting security. A new day of friction-free geopolitical relations between China, India and Pakistan will arrive when China and India merge their respective regional cooperation strategies.

A multitude of geopolitical factors have long maintained the “zero-sum game” model in terms of the complicated relations between China, Pakistan and India. Since the three established diplomatic relations with each other, virtually every interaction between any two of the three has been marred by the geopolitical security dilemma in which the countries remain trapped. The core of the dilemma has been zero-sum conflict between India and Pakistan that has lasted for centuries and only festered over time. Many issues that have substantially impeded the healthy development of India-Pakistan and China-India relations, including the

conflict in Kashmir, the Tibet issue, and the China-India boundary question, are results of British colonization of the South Asian subcontinent. At the same time, the current security dilemma is an extension of Cold-War-era zero-sum maneuvering by the United States and the Soviet Union in their respective strategies towards India and Pakistan, and was exacerbated by the “pivot to Asia” strategy promoted by the Obama administration, of which an important ingredient was “wooing India to contain China.”

Following the principles of extensive consultation, joint construction and guarantees of shared benefits, China’s Belt and Road Initiative focuses on development, a

central issue for China, India and Pakistan. It will expand the three countries’ consensus and cooperation in a wide variety of developmental realms. Such a program stands in stark contrast with the security-centered practices that other countries, especially major powers, usually take towards India and Pakistan. For China, India and Pakistan, the Belt and Road Initiative will foster friendship and cooperation, build trust and also improve security.

ZERO-SUM DILEMMA IN INDIA-PAKISTAN RELATIONS

Since both countries gained independence from British colonization, relations between India and Pakistan have been consistently

presented as zero-sum games and conflict. Both countries began seeing each other as the biggest threat to their respective national security. During the Cold War period, three wars broke out between the two. Even after the Cold War, India and Pakistan have frequently fallen into diplomatic conflicts arising from cross-border armed infiltration attempts and terrorist attacks. Bloody skirmishes have persisted along the Line of Actual Control (LAC) in the region of Kashmir and the India-Pakistan boundary. In 1999, the military conflict in the Kargil area nearly caused yet another war between India and Pakistan. Over the past six decades, the two countries made efforts to achieve reconciliation several times. A series of bilateral dialogues launched in 2002 failed to produce tangible results. During the Pervez Musharraf administration (1999-2008), the two countries nearly ended the Kashmir dispute via “backdoor diplomacy.” However, the inter-government effort ultimately failed due to the extremely conservative political environment in both countries.

Meanwhile, intervention by countries with close relations with India and Pakistan has aggravated conflict rather than abating it.

The United States and the Soviet Union’s diplomatic policies towards India and Pakistan during the Cold War encouraged the zero-sum model that persists. Both countries attempted to woo



May 12, 2015: The launch ceremony for a container cargo transport ship is held at Gwadar Port, the southern start of the China-Pakistan Economic Corridor. [XINHUA]

India, and eventually the Soviet Union lured India to its side, primarily by keeping a distance from Pakistan: Not only had it supported India in the wars against Pakistan, but it also aided Afghanistan during the Pakistan-Afghanistan conflict. However, every time the Soviet Union and India inched closer together, Pakistan’s ruling elites felt an existential crisis that motivated more countermeasures against India.

To solidify its anti-Communist and anti-Soviet alliance, the United States took a different approach than the Soviet Union. It helped Pakistan get admitted to the Southeast Asia Treaty Organization (SEATO) and the Central Treaty Organization (CENTO) and urged India to “show a window of democracy.” However, the strategy of attempting to win over both India and Pakistan didn’t work well because it failed to

(The Kargil conflict was an armed conflict in 1999 between India and Pakistan in the Kargil area of India-controlled Kashmir. It is considered the worst military conflict between the two countries since the three India-Pakistan wars of 1947, 1965 and 1971. Under pressure from the U.S. government, Pakistan attempted to offer compromises to resolve the conflict, but the maneuver triggered a military coup that ousted the civilian government. The Kargil conflict occurred just after both countries completed nuclear tests in 1998, and the international community feared it could lead to a nuclear war. For this reason, the regional conflict stirred wide global concern.)

resolve the countries' military rivalry. Ultimately, the policy alienated both countries from the United States. When the Soviet Union invaded Afghanistan in 1979, the United States abandoned its former policy on India and Pakistan in favor of a more robust alliance with Pakistan to fight the Soviet Union by proxy, a typical Cold War situation in which the United States, Pakistan (and China) faced off against the Soviet Union and India via Afghanistan.

China's foreign policies towards India and Pakistan also experienced substantial change during the Cold War, shifting from friendlier towards India to supportive of Pakistan in the wake of the 1962 Sino-Indian border war. Prior to the war, India enjoyed a warm relationship with China, while Pakistan was a piece of the United States' encirclement of China

and the Communist bloc. Relations between China and Pakistan became so good after 1962 that the two countries nearly forged an alliance. China-India relations never normalized until the end of the Cold War.

Even today, the consequences of long-term confrontation still hinder mutual trust on security issues. For a long time after the end of the Cold War, Russia focused on domestic healing and could barely attend to its interests in South Asia. Meanwhile, the United States shifted its focus to NATO's eastward expansion and Middle Eastern affairs, leaving South Asia neglected. When the region ceased to be the focus of superpowers' attention, domestic struggles between various political powers exploded in India and Pakistan. Political conservatism, religious extremism and

hypernationalism continued impeding Indian and Pakistani governmental efforts to improve bilateral ties. Cold War wounds have constantly been reopened and enlarged.

Despite China's comparatively strengthened engagement in South Asia by that time, it still focused on the normalization of its relationship with India and maintaining military and political cooperation with Pakistan, lacking the influence to promote reconciliation between the two countries. After the 1999 Kargil conflict, China adopted a comparatively neutral stance on the Kashmir issue to avoid taking the side of either India or Pakistan, as the Cold War era required. However, China still lacked resources and the capacity to facilitate healthy interaction between itself, India and Pakistan.

After the 9/11 terrorist attacks, the United States began placing greater importance on its relations with India and Pakistan. Although it took a policy of "decoupling India and Pakistan" in its strategic circulations, the U.S. government still leaned towards Islamabad due to its more robust role in the anti-terrorism war in Afghanistan. As a result, U.S.-India relations remained tepid. During the period, the United States realized that the tension between India and Pakistan was a major factor hindering U.S.-Pakistan joint anti-terrorist efforts, so the first U.S. special envoy to Pakistan and Afghanistan, Richard Holbrooke, once

Since 2007, the Indian Army has conducted joint military exercises with the People's Liberation Army of China every year. This picture is from the "Hand in Hand 2008" China-India army joint anti-terrorism training. [CFP]



declared that he was ready to mediate the Kashmir dispute between India and Pakistan, to remove the “powder keg of South Asia” (using the words

U.S.-Pakistan relations continued deteriorating and have not seen noticeable improvement to this day.

The Indian and Pakistani governments once nearly ended the Kashmir dispute through “backdoor diplomacy.” However, the effort ultimately failed due to extremely conservative political environments in both countries.

of former U.S. President Bill Clinton). However, because of fierce objections from New Delhi, Holbrook never set foot in India his entire life.

U.S.-India ties didn’t have significant breakthroughs until the invasion of Iraq during the George W. Bush administration, and then this was followed by a severe deterioration of U.S.-Pakistan relations. After Osama bin Laden was killed in 2011, the Obama administration announced that the global war on terrorism was over and began to shift its strategic focus to addressing threats to U.S. global control arising from the rise of traditional big powers, particularly China. Moreover, the Obama government enhanced its efforts to woo India because it believed India’s support was crucial to its “pivot to Asia” strategy, and its dependence on Pakistan to fight terrorism abated considerably after the death of Osama bin Laden. Late in Obama’s last term,

COMPLICATED CHINA-INDIA-PAKISTAN RELATIONS

Multilateral ties between the Soviet Union (now Russia), the United States, China, India and Pakistan have never been able to avoid the curse of zero-sum games. Considering the complicated ties between India and Pakistan, any trilateral or multilateral interactions concerning the two countries inevitably present some version of the zero-sum game. India and Pakistan cannot resolve the security dilemma, nor can multilateral ties involving the two countries achieve sound development, until security disputes are resolved. During the Cold War, big powers including the Soviet Union, the United States and even China lacked a strong will to increase consensus between India and Pakistan and instead focused on the security sector and issues that inevitably led to zero-sum games.

The two biggest issues that

have long plagued India-Pakistan relations, the Kashmir conflict and cross-border terrorism, seem irreconcilable. If a third party supports one side on issues concerning those two problems, it stands against the other. Pakistan has adamantly demanded third-party mediation on the Kashmir conflict, but India firmly opposes any outside intervention. Consequently, anyone who attempts to intervene in the situation will inherently upset India, and countries maintaining relations with both India and Pakistan would have to be in a dilemma over choosing sides on the Kashmir conflict. The same is true of anti-terrorism efforts. Indians constantly blame Pakistan for terrorist attacks that occur in their country, and any non-neutral policies taken by a third party towards terrorism-related disputes concerning India and Pakistan could offend one side or the other.

Compared to the United States and Russia, China faces an even more complicated situation when handling its relations with India and Pakistan. Both countries are neighbors of China, and the Kashmir conflict and terrorism problems are directly related to China. In the post-Cold War era, such geopolitical reality makes it hard for China to take the side of either India or Pakistan, as the United States and Russia did. For a long time, the biggest obstacle hindering the advancement of China-India relations has been China’s relationship

with Pakistan. Its importance has surpassed the Tibet issue, boundary question and trade imbalance. China's relations with India and Pakistan seem to have become trapped in a more complicated situation in recent years. Not only do India and Pakistan still have constant friction, but geopolitical competition between China and the United States is becoming increasingly fierce. China's policies towards India and Pakistan face severe disturbances from major powers outside the region, especially the United States.

With the continual expansion of its overseas interests and mounting dependence on overseas markets, resources and capital, China cannot and will not "choose sides" between India and Pakistan because no matter which side it chooses, its security and development interests could be threatened. Moreover, the space for China to seek a balance between India and Pakistan is constantly shrinking. As strategic games between China and the United States become fiercer, more American elites now consider a stronger India a strategic asset to pin down China's rise, as former U.S. Secretary of State Hillary Clinton once described. The Obama administration dubbed India the "linchpin" (in the words of former U.S. Defense Secretary Leon Panetta) of its "pivot to Asia" strategy. In recent years, the United States risked crossing "red lines" to give preferential treatment to India while continuously

suppressing Pakistan. Currently, the United States and India are "close allies" (per former U.S. Defense Secretary Ash Carter), at least in terms of defense cooperation. Furthermore, the United States is actively supporting Japan's efforts to strengthen strategic cooperation with India.

Consequently, India has begun to expect China to act the same as the United States and Japan. It wants China to place persistent pressure on Pakistan like the United States has done. However, for the sake of the stability of South Asia and border safety, China refuses to give up on Pakistan, especially considering its long-term friendship with its South Asian neighbor. Moreover, considering its increasing overall national strength, China will invest greater resources in promoting its development cooperation and economic ties with Pakistan to shift the focus of their bilateral relationship from geopolitical security to economic cooperation. To this end, China has joined hands with Pakistan to build the China-Pakistan Economic Corridor and promote the Belt and Road Initiative. However, in the eyes of New Delhi, China's efforts aim to trap India in the "bathtub" of South Asia. India even views construction of the China-Pakistan Economic Corridor as an attempt to forge an anti-India alliance and enhance Pakistan's capacity to counter India.

In this context, India is becoming more and more

inclined to expand its military cooperation with the United States and Japan, which has only increased China and Pakistan's strategic doubt about India and forced them to take countermeasures. To some extent, China, India and Pakistan are trapped in a security and military dilemma from which no party can benefit. To address their respective security concerns, all three countries have accelerated their paces of military modernization. The greater its security imbalance with India, the more Pakistan values security and military cooperation with China. The same thing happens to India: With its expanding security imbalance with China, India becomes more inclined to strengthen its defense cooperation and promote strategic alignment with the United States, Japan and other countries that have strategic concerns about China. Consequently, strategic distrust between China, Pakistan and India is growing.

BELT AND ROAD INITIATIVE: ALL IN THE SAME BOAT

How can the involved parties eliminate the geopolitical curse plaguing China-India-Pakistan interaction? Perhaps China's Belt and Road Initiative, which aims for win-win cooperation and common development, is the best solution.

In simple terms, the Initiative emphasizes the promotion of "a new idea of security, two developments, and three stabilities." The "new idea of security" refers



June 13, 2015: A meeting on Belt and Road Initiative security and cooperation between China and Pakistani is held in Shanghai, China. Pictured is Mr. Hayat, the military attaché of the Pakistan Embassy in Beijing. [IC]

to the Initiative's aim for lasting peace through inclusive development of all parties involved, rather than exclusive security via military alliances. In fact, the latter is a major reason behind the security dilemma now plaguing India, Pakistan and other involved countries. "Two developments" refers to the inclusive development of China's border areas that benefits China's neighbors. Such inclusive development is an important prerequisite for lasting social stability as well as an effective shield against extremism and a solution to terrorism-related problems plaguing India-Pakistan relations. "Three stabilities" refers to the role that the Belt and Road Initiative will play in maintaining the stability of China's border areas, its neighboring regions and relations with neighbors. The Belt and Road Initiative follows the principle of "wide consultation, joint contribution and shared

benefits" and seeks to expand cooperation for mutual benefits and win-win development. With this spirit in mind, all involved parties should keep in mind the Golden Rule.

U.S.-India-Pakistan and Russia-India-Pakistan relations can easily become zero-sum games largely because trilateral interaction increases strategic distrust and even confrontations between India and Pakistan instead of defusing hostility. China's Belt and Road Initiative aims to enhance consensus on development through building a concrete foundation for common development that forges a community of shared benefits and even a community of shared future. Pursuing such a goal within the framework of the Belt and Road Initiative, China, India and Pakistan will definitely expand their common interests and constantly reduce their disagreements and disputes,

thus forging a sound relationship in which all sail towards the same goals.

It is noteworthy that a key reason the Chinese government launched the Belt and Road Initiative was to break through the geopolitical and security curse impeding the peaceful coexistence of various countries. China is striving to transform the old geopolitical mindset that placed greater emphasis on competition into a philosophy-fostering geopolitical cooperation, as well as aiming for shared development. A country can make use of its neighbors to accelerate development, instead of treating them as obstacles. Amid increasing anti-globalization sentiment, protectionism and extreme nationalism have been prevailing over free trade. As two major powers in the East, China and India are justified and obligated to actively fill the void in global governance caused by the withdrawal of some Western countries including the United States, and provide more public products and resources for the region's development.

It is reassuring that China and India have appropriately fulfilled their duties as big powers in promoting sub-regional integration, which has laid the foundation for future regional cooperation, at least in South Asia. Currently, both the China-Pakistan Economic Corridor and India's Bangladesh, Bhutan, India, Nepal (BBIN) Initiative and Bay of Bengal Initiative on Multi-Sectoral Technical and Economic



Indian soldiers and onlookers at Wagah, a border crossing between India and Pakistan. Each evening during the flag lowering ceremony, soldiers of each country scowl at each other as they lower the national flags. [CFP]

Cooperation (BIMSTEC) are progressing smoothly. The Ports of Hambantota, Kyaukpyu, Colombo and Gwadar, all constructed by Chinese companies, are witnessing tremendous changes, while India-constructed port projects including Chah Bahar, Chittagong and Sittwe are on their way to modernization. Construction of the Pan-Asia Railway Network linking China and Southeast Asia is gaining steam, and India is increasing promotion of its “Look East” policy.

Despite the Indian government’s persisting skepticism of the Belt and Road Initiative and opposition to the construction of the China-Pakistan Economic Corridor, breakthroughs are still likely to come considering that the Modi administration’s sub-regional cooperation plan

aligns with the Initiative. More importantly, although Pakistan was excluded from India’s regional integration agenda, the construction of the China-Pakistan Economic Corridor is expected to shore up weak links of regional integration between China, India and their neighboring regions, especially Central, West and South Asia. The Belt and Road will lay a solid foundation for China and India to merge their respective sub-regional cooperation strategies in the future. Despite the slow construction progress of the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor, major advancements have been made in the construction of BBIN and BIMSTEC. Moreover, many Chinese projects aiming to promote connectivity of the Southeast Asia region have been

launched. These factors have facilitated construction of the BCIM Economic Corridor. The “China-Nepal-India Economic Corridor” initiative currently being negotiated is inspiring optimism, along with the stabilization of Nepal’s political situation and the improvement of Nepal-India relations. Experts predict that the sub-regional cooperation platforms that China and India are striving to build together with their neighbors will become a bigger platform integrating development consensus and common prosperity.

Only cooperation and win-win development will foster long-lasting security. China, India and Pakistan will break through the geopolitical dilemma when China and India connect their respective regional cooperation strategies. If China and India, the world’s two most populous developing countries and key emerging major powers, discard Western geopolitical perspectives involving zero-sum games when handling regional issues, the region will welcome an era of win-win cooperation, shared development and lasting peace. The progress of human civilization doesn’t require exacerbating geopolitical competition – shared development and better lives for all must be our aim for the future. 

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Mapping India's Lost Roots

Project Mausam and the Spice Route

By Chaitanya Mallapur

Once implemented, these initiatives will open new gateways for India on the economic and trade fronts, as well as building people-to-people connections with surrounding nations.

The 21st century has become known as the Asian century, as the Indian Ocean Region (IOR) has gained prominence for its strategic location and the importance of maritime trade passing through its sea lanes. The Indian Ocean carries half of the world's container ships, a third of its cargo and two thirds of the world's oil tankers. The region is rich in energy resources, mineral wealth and marine biodiversity.

The two Asian giants – China and India – are trying to make their presence felt in the region by carrying out various initiatives to enhance and boost diplomatic and trade ties. Trade has been one of the major factors in determining ties between civilizations and establishing connectivity.

THE NEED FOR REVIVING LOST LINKS IN THE NEW AGE

The two ancient trade routes were the Silk Route – a land route linking China with Europe through Central Asia – and the Spice Route (also known as the Maritime Silk Route), a sea route linking India with Southeast Asia in the east and connecting West Asia and the coast of East Africa in the west. They covered a distance of over 15,000 km and functioned as arteries facilitating trade in the region.

Silk was the principal commodity traded along the land route, while spices were the most traded and profitable goods along the maritime route – supplying cinnamon, pepper, ginger, cloves and nutmeg. Other goods traded across these routes included textiles, wood work, metal work, incense,

timber, saffron, tools, religious objects, art work, and more.

These routes functioned as bridges of cultural and religious exchange across the region. Islam and Sufism entered India through Central Asia. With them came the Arabic and Persian languages, art and architecture, while Buddhism travelled from India to Central and East Asia via the Silk Route.

Similarly, Buddhism, Hinduism and Islam were brought to Southeast Asia from India by Arab and Indian traders using the sea route. The influence of Dravidian architecture and the Sanskrit and Arabic languages can be seen strongly across many Southeast Asian nations, even today.

These routes played a significant role in the

economic development and prosperity of civilizations and nations across the region, through exchanges of goods, services, and knowledge. Thus, both China and India are trying to rejuvenate these links due to their economic and strategic significance.

INTERCONNECTIVITY KEY TO ECONOMIC TRIUMPH

In 2013, China initiated the Belt and Road Initiative, comprising the ‘Silk Road Economic Belt’ and the ‘21st-Century Maritime Silk Road’ that focuses on interconnectivity and cooperation between China and Eurasia. The project aims to build multilateral mechanisms through six economic corridors – the New Eurasian Land Bridge, the China-Mongolia-Russia Corridor, the China-Central Asia-West Asia Corridor, the China-Indochina Peninsula Corridor, the China-Pakistan Economic Corridor (CPEC) and the Bangladesh-China-India-Myanmar Corridor – to strengthen economic development and prosperity.

Of these, what worries India is the CPEC, as China is helping Pakistan develop a deep-sea port at Gwadar (one of the Pearls among China’s ‘String of Pearls’ encirclement strategy against India) that will serve as a transit for Chinese goods through the transnational Karakoram Highway, and connecting Pakistan and China through the land route, one of the routes that traces the ancient Silk Road.

To counter the Chinese presence in the Arabian Sea,

India signed a pact with Iran in May 2015 to develop the Chahbahar port located on Iran’s south-eastern coast, which will give India sea-land route access to Central Asia and Afghanistan, bypassing Pakistan.

India is part of the International North-South Transport Corridor – a multimodal transportation system – that will connect India with Central Asia and Russia via Iran. The project, once implemented, will reduce cargo-transport time to Russia from the current 45-60 days to 25-30 days. A successful dry-run was conducted in 2014.

The Indian government is also emphasizing port-led development under the ‘Sagarmala’ project. This initiative plans to set up a series of ports, as well as coastal and inland shipping routes linked to road and rail networks, which will not just move cargo but also reduce the cost of domestic transportation.

The Sagarmala project is significant in this context, as these ports will act as drivers of economic activity by connecting India to the rest of the world via sea routes.

TRACING BACK THEIR LOST ROOTS

Like China, India also plans to connect with its neighboring nations through historical, cultural, and civilizational linkages. A



New route via Iran will connect India with Central Asia and Russia. Cargo-transport time to Russia will be halved.



couple of initiatives in this direction have been initiated by the Indian government and state agencies.

India’s ambitious and multi-faceted Project Mausam was initiated by the Government of India (GOI) through the Ministry of Culture in 2014. The initiative is to be executed by the Indira Gandhi National Centre for the Arts (IGNCA) as the nodal agency, with the support of the Archaeological Survey of India (ASI) and the National Museum as associate bodies.

The term ‘Mausam’ finds its roots in the Arabic word ‘Mawsim’ which refers to the season when ships could sail safely. This wind pattern referred to as monsoon winds follows a regular pattern, which facilitated the movement of people, goods and ideas across the IOR, enabling exchanges of culture, ethnicity and religion.

To commemorate 60 years of diplomatic relations between India and Oman, a joint Sail Voyage was conducted by the Indian Navy ship Tarangini and the Royal Navy of Oman ship Shabab

from November 24 to December 3, 2015, under Project Mausam.

“Project Mausam is not aimed at countering China’s Silk Route strategy. Instead it focuses on monsoon patterns, cultural context, maritime trade routes, and coastal landscapes, and examines key processes and phenomena that link different countries along the Indian Ocean littoral as well as those that connect the coastal centers to their hinterlands,” said the Minister of Culture in Rajya Sabha (India’s Upper House of Parliament) in a reply dated March 3, 2016.

India has identified 39 countries, including China and Pakistan, under Project Mausam, to obtain transnational nomination for World Heritage. An amount of 150 million rupees was approved by the government

the ‘Spice Route Project’ from the state government of Kerala, backed by the GOI to revive the ancient Spice Route under the Muziris Heritage Project (MHP). The Spice Route Project aims to re-establish maritime trade ties with 31 countries along the ancient spice route that will help boost tourism and revive cultural links.


The project is centred on the ancient port of Muziris in Kerala, where archaeological traces have been unearthed since the year 2000. MHP is also one of the biggest conservation projects in India, initiated at a cost of 940 million rupees, which aims to preserve a culture of over 3,000 years across an area of 150 square km. The first phase of the MHP was inaugurated by Pranab Mukherjee, President of India, in

the Pattanam site in response to a complaint filed by a right-wing group. However, in December 2016, the ASI closed its enquiry and renewed the license. As a result the funds dried up and the research came to a standstill.

The project now faces an unpredictable future due to objections by certain groups, lack of funds and the retirement of PJ Cherian, director of the KCHR, who had led the excavations since its inception.

THE SMART WAY FORWARD

The idea is to connect India with littoral states in the IOR and re-establish its ancient political, cultural, religious, and trade ties through archaeological and historical research along the Maritime Routes, and revive India’s lost historical and cultural links with the world.

These initiatives indicate India’s use of ‘soft power’ in a smart way. The government will have to take strong measures for the effective implementation of these projects by minimizing multiple and overlapping agencies with a single nodal agency. Once successfully implemented, these will open new gateways for India on the economic and trade fronts as well as building people-to-people contact across nations, adding an impetus for India’s ‘Look East’ and ‘Link West’ policies. 

The two Asian giants – China and India – are trying to make their presence felt in the region by carrying out various initiatives to enhance and boost diplomatic and trade ties.

for Project Mausam for the period from April 2015 to March 2017.

The project was to be implemented by March 2017, but now finds itself in troubled waters with respect to meeting its deadline. The reason attributed for this delay is lack of coordination among multiple agencies, with a lot of work pending.

Another such initiative is

February last year.

Over the last decade, archaeologists have traced 129,000 artefacts, some dating back to the Iron Age, presenting proof of trade with the Mediterranean and the Arabian Peninsula during the Roman era.

In September 2015, the ASI suspended the Kerala Council for Historical Research’s (KCHR) licence to excavate at

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The author is a Mumbai-based foreign policy analyst, who also writes on maritime security and energy.

A Sunnier India

By Deepa Nair

Investment by the China-led Asian Infrastructure Investment Bank is expected to give a huge boost to India's fledgling solar sector.

In January 2016, representatives from 57 countries including India attended the launch of what Chinese President Xi Jinping called a "historic" initiative: the US\$100 billion Asian Infrastructure Investment Bank (AIIB) in Beijing. With China in the lead, the massive project focuses on boosting investment in infrastructure projects in Asia, rivalling the World Bank.

India, one of the member countries, is the bank's second-biggest shareholder, with a contribution of US\$8 billion, second only to China's US\$29.7 billion. A year on, India, one of the bank's founding nations, is expected to be granted one of the first loans issued by AIIB as it works to raise US\$500 million for solar power projects.

The AIIB investment is expected to bring a huge boost to the country's fledgling solar sector.

For the most part, Asian

economies are plagued by poor infrastructure, a lack of regional connectivity and minimal amenities in urban spaces. AIIB has been touted as a major powerhouse to address challenges that have stunted the growth prospects of several Asian economies. Electricity is still a luxury in many places in India: thousands of villages across various states still live in darkness, so expanding the solar sector is critically important.

POWER STRUGGLES

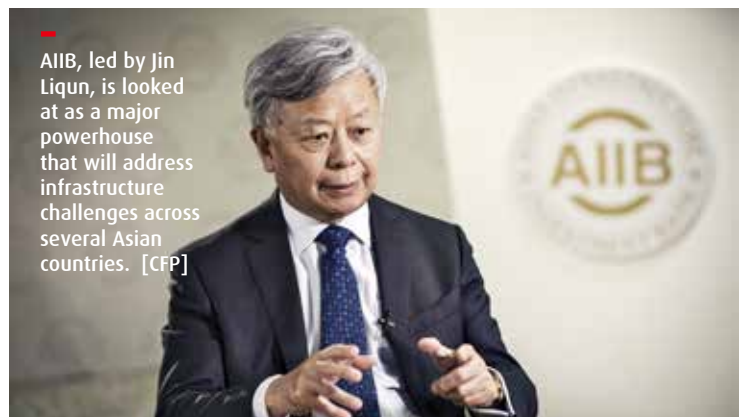
Several cities in India,

including the capital New Delhi, have faced frequent power outages. In 2012, 20 of India's states and New Delhi simultaneously fell into darkness when three of the country's five power grids failed. Even cities and villages connected to the grid face frequent disruptions with per-capita electricity consumption in India at only a fourth of the global average.

In the 2012 incident, India's northern grid was the first to fail, leaving an estimated 300 million people in the dark for up to two days. Traffic lights went out, causing massive jams, hospitals shut down and several trains stopped running in major cities. It was quickly followed by the eastern grid, which covers Kolkata, then the north eastern grid.

While massive power outages of this scale are not common, India has long been plagued by power problems, and rolling power-cuts are frequent across the country.

As the situation stands now, AIIB's role is significant. The bank's focus on funding renewable energy projects like solar should help



AIIB, led by Jin Liqun, is looked at as a major powerhouse that will address infrastructure challenges across several Asian countries. [CFP]

alleviate fears that its relaxed lending criteria could lead to funding of dirty fuel and coal projects in developing economies in Asia. With many nations in a rush to increase their energy production to keep pace with growing demand, massive environmental damage remains a constant fear.

Through its investments, the Asian lender will strive to promote interconnectivity and economic development in the region by developing infrastructure and other productive sectors. Indian states like Madhya Pradesh have already approached AIIB for support for major rural water projects in the state, and its involvement is expected to expand over time.

India's solar power ambitions are growing as well. Renewable-energy financing in India faces a multitude of challenges such as high interest rates, conservative risk-assessment norms and lack of long-term debt instruments. Additionally, the country's commercial banks have been very slow to warm to the sector. Funding from AIIB is crucial for India to reach its goals for its budding solar sector.

India is also in talks with the World Bank, the Asian Development Bank, Germany's KfW and the New Development Bank, a joint project of big emerging economies of the BRICS bloc, to raise more than US\$3 billion in the financial year starting April 1. Frequent power cuts impact economic activity, and because India is



August 2, 2012: In New Delhi, India, people use small electrical generators to maintain normal life. [CFP]

one of the fastest-growing economies in the world, competing with other powerhouses like China, quickly resolving its power issues is an urgent task.

Acknowledging the urgency, the Indian government has moved fast to increase power generation capacity. In 2015, India was the third-largest producer (after China and the U.S.) and fourth-largest consumer of electricity in the world, with the installed power capacity reaching 306.36 GW by September 2016. India also has the fifth-largest installed capacity in the world.

Narendra Modi, India's prime minister, came to power in 2014 on a promise of providing reliable power by 2019. The price of electricity is heavily regulated in India, where states provide electricity far below market costs and take up huge losses. Despite increasing its power generation capacity, the state discoms (distribution companies) face financial troubles, with an estimated US\$70 billion of accumulated debt and no way to pay generators; this has been a

major difficulty for India in supplying reliable electricity to its vast population.

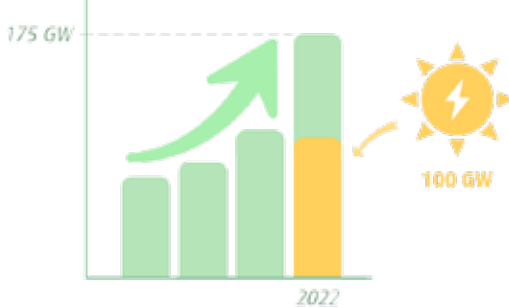
India's power demand is estimated to grow at an average rate of 5.2 percent during the ten years between 2014 and 2024, according to a report by Tata Power. Currently, India requires 1,068,923 million units of electricity annually but the supply falls short by 3.6 percent.

Most of this demand cannot be met via traditional energy sources. India's coal-fed power plants, which contribute to nearly 60 percent of total production, have been grappling with periodic fuel shortages. Domestic production of coal hasn't quite kept pace with demand, which has aggravated the situation, considering the expensive price of imported coal.

While Mr Modi has made universal access to electricity a key platform of his administration, he has also promised to participate in international efforts to limit climate change.

India is currently one of the world's largest emitters of

India's administration has promised to increase the country's renewable energy capacity to 175 gigawatts including 100 gigawatts of solar by 2022.



carbon dioxide and other greenhouse gases and hopes to meet its electricity demands without dramatically increasing carbon emissions. The government's focus on renewable energy partially stems from the fact that India imports 80 percent of its crude oil and 18 percent of its natural gas needs, leaving the country with an energy import bill of around US\$150 billion.

SOLAR SUNRISE

The Modi government recently approved an extraordinarily ambitious plan for India's solar sector. Among other plans, the administration has promised to increase India's renewable-energy capacity to 175 gigawatts including 100 gigawatts of solar by 2022, with a target of attracting a staggering US\$100 billion into the sector over the next seven years.

This comes even alongside a steady decline in solar power prices - thanks to cheaper solar panels and financing costs - which has made the sector increasingly attractive to investors. By 2019, according to estimates,

India could achieve grid parity between solar and conventional energy sources.

Geographically, India is quite fit for solar - it receives an average of almost 300 sunny days a year, the potential for 5,000 trillion kilowatts of power. India is both densely populated and has high solar insolation, since it is conveniently located near the equator.

India's solar sector recently turned a corner after a low bid of 2.97 rupees per kilowatt-hour (kWh) won the contract to build a 750 megawatt (MW) plant at Rewa in Madhya Pradesh. For India, solar power could one day cost less than power from conventional sources.

MAJOR CHALLENGES

Despite efforts to increase investment in the solar sector, big challenges remain. India's biggest solar power project stalled when the state soliciting bids from generators admitted it couldn't buy energy at the prices it had agreed on.

Several domestic and overseas clean-energy companies have reported delayed payments for several months - when marquee

investors see more risks, India's green ambitions could be jeopardized.

The biggest issue hindering the development of renewable energy investment in India is the health of public electricity distribution utilities, a hurdle that has been identified as one of the most crucial to overcome for Modi's climate pledge to meet the solar generation capacity target.

State-owned power retailers in India absorbed combined losses of 3.84 trillion rupees as of March 2015 per a report by KPMG.

These losses evidence that discoms can't supply reliable electricity of any form - whether conventional or renewable - to satisfy expected demand, nor can they add more customers.

Reversing these trends will require radical transformations in two main areas: how India produces electricity and how it distributes it.

It is crucial for India's fast-growing economy to get its solar power thrust right and support its growing population with reliable electricity without relying so heavily on coal. And with a boost from AIB, India's solar ambitions look significantly sunnier. ☀️

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Baogang Group in India

*Text by Ni Juncheng
Photographs courtesy of Baogang Group*

Multi-level cooperation between Chinese companies and their Indian counterparts is a key feature of the Belt and Road Initiative, a new strategy to foster international cooperation.

February 5, 2017, the 9th day of the first month of China's lunar calendar, was the first day off for employees of most Chinese companies after the week following the Spring Festival holiday. But Liu Xin was still on duty. He is a steel rolling worker at the rail beam factory of China's Baotou Iron & Steel (Group) Co., Ltd. ("Baogang Group" for short). He manages the No. 2 Universal Steel Rolling Line via several computers in a small control room of about 20 square meters.

This production line was built in 2006 with CCS universal stand and related technology, both provided by SMS Group. The 100-meter heavy rails produced there represent the flagship product of the heavy industry hub in northern China. Although China's steel market has experienced a significant decline in recent years, this production line has orders booked through April.

At the 50th Annual

Conference of the World Steel Association in October 2016, data provided by Baogang Group caught the attention of participants from India's Jindal Group: the maximum speed for Beijing-Shanghai bullet trains in experiments reached as high as 486.1 kilometers per hour; the trial run of Electric Multiple Units (China's standard EMU) between Zhengzhou in Henan Province and Xuzhou in Jiangsu Province reached over 420 kilometers per hour when two trains meet, the equivalent of 117 meters a second; the Datong-Qinhuangdao Railway, China's most important route for coal transportation, and the Shanxi-Henan-Shandong Railway were built with 75N Bainitic Steel from Baogang Group. As its newest product, the alloy features high tenacity and abrasive resistance.

China is now home to the world's longest high-speed railway network, with tracks stretching over 20,000

kilometers. About half of the rail tracks were produced by Baogang Group, whose quality is considered top globally. Jindal Group ended up contacting Baogang Group with the help of the World Steel Association, and they reached an agreement in which Baogang Group would subcontract technology and services to a company affiliated to Jindal Group.

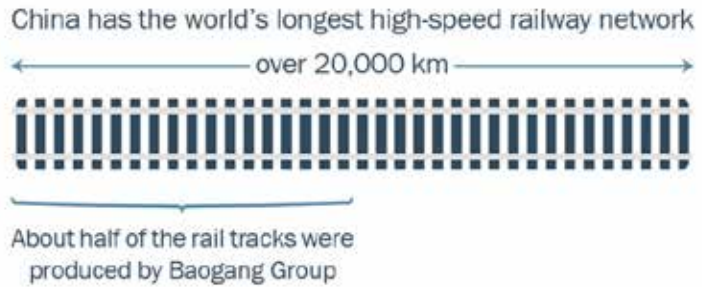
Jindal Group's problem was the lack of the technology adopted in the universal steel rolling production line that Liu Xin operated. Jindal Steel & Power Ltd., a subsidiary of Jindal Group, produces rails with equipment similar to Baogang Group's. However, due to a lack of new technology, its output and quality of rails didn't reach design capacity, and even its German partner couldn't bring the product up to par. They hoped to acquire the necessary expertise and instruction from Baogang Group directly.

Baogang Group was

CASE STUDY

established during China's campaign to mass-produce steel during the mid-20th century. Its No. 1 blast furnace was dedicated by late Premier Zhou Enlai. As one of the three earliest major steel producers established after the founding of the People's Republic of China in 1949, Baogang Group has gained plenty of experience and developed considerable technological innovations during its long history. Exporting technology and soft power are concepts to which the group has attached great importance in recent years as it has been committed to industrial upgrades and innovation.

The two steel producers have become perfect partners. The rail beam factory of Baogang Group sent 57-year-old Jing Yinong, deputy director of its technology center, to cooperate with the Indian company. Jing graduated from Baotou University of Iron and Steel Technology (present-day Inner Mongolia University of



Science and Technology) with a degree in steel rolling in 1983. He is an experienced expert in this field. Since November of last year, Jing and his team have visited India four times. In Raigarh, Bihar State, Jing helped Jindal correct rail passes and redesign their heater, which raised their monthly output capacity to as high as 50,000 tons. Their technology service concluded in April.

People from both producers have grown to know a lot more about each other during the exchanges. Personnel from Jindal Group were amazed by Baogang's spotless factory and advanced environmental protection systems, and Jing highly praised Jindal for its

efficiency in building two 4,500-cubic-meter blast furnaces within only one year, as well as its good sense of environmental protection.

Amid the changes in the global economy, China unveiled the Belt and Road Initiative, which has reached the phase of cooperative implementation. From the perspective of many insiders, the unprecedented technology cooperation between Baogang Group and Jindal Group will accumulate specific experience for the implementation of the Belt and Road Initiative that aims to foster international cooperation.

Products from Baogang Group have gained a sterling reputation in India, which was another major reason why Jindal chose to cooperate with Baogang Group. Baogang Group began exporting to India in 2010. At first, the majority of its exports were low-level products such as steel round bars, steel billets, and ordinary seamless steel pipes. High-level products have gradually taken a larger proportion, especially since last year. In early 2017, Baogang Group exported nearly 20,000 tons of medium steel plates, a sophisticated product to be used in oil pipeline projects

October 15, 1959: Premier Zhou Enlai dedicates No. 1 blast furnace of Baogang Group.



around New Delhi, to India for the first time.

The World Steel Association held its Asian market conference in Mumbai last November. The report from the conference analyzed “whether India will propel global economic growth.” The sluggish world economy has caused development of the global steel market to slump, and many now believe that India is the best place to look for growth. Although this report mentioned in particular that “growth in various areas of India differs greatly” and investment’s proportion of India’s GDP is shrinking, it still maintained that India’s economy and steel market had a good momentum.

Even though it is located inland, Baogang Group exports 10 to 15 percent of its total output. Its export volume ranks among the top ten of China’s inland steel producers. Liu Yufeng, general manager of the International Trade Company of Baogang Group, oversees the group’s overseas marketing. Like Jing Yinong,

he has worked in the steel industry for over three decades. Liu agreed emphatically with the assessment that although India’s steel consumption in recent years has measured only a tenth of China’s, the South Asian country has great potential. Even as India is seeing high-speed growth, its per capita consumption of steel remains relatively low, and the Indian government is enacting many ambitious reforms. Analysis of the fluid market environment inspired Baogang Group to focus on the Indian market even though most of its current overseas customers are from Europe, the United States and Southeast Asia.

“India’s development is in a different but complementary phase compared to China,” explains Liu. “China has begun to enter the ‘Industry 4.0’ era and is seeing extensive urbanization, while India’s industrialization has just started to gain steam. Just as China’s steel industry is tightening its belt, India is seeing rapidly increasing demand.” India surpassed the

United States to become the world’s third largest steel producer in 2015. It also sees fierce domestic competition. Compared to Indian companies, Baogang Group offers a wide range of products and the precious rare earth elements in the steel are its biggest advantage in the market. Baogang Group is headquartered in the center of the Inner Mongolia Autonomous Region, which has the world’s largest rare earth reserves. Steel containing rare earth is noted for its greater tenacity and plasticity. Over 75 percent of the heavy rail tracks on the Qinghai-Tibet Railway were produced by Baogang Group.

Logistics can bottleneck inland companies’ exporting power, and even Baogang has not been immune to this. Its products are usually shipped from the port of Tianjin. Typically, shipments take 35 days to reach Dubai, a period in which the market could shift drastically. Liu Yufeng has great expectations for the infrastructure network being promoted by the Belt and Road Initiative, which will connect Asia, Europe and Africa. “If our exports to Central Asia and South Asia could be transported through Inner Mongolia to Kashgar in Xinjiang Uygur Autonomous Region and then to Gwadar port in Pakistan, it would cut our traditional route by half,” says Liu. “This would not only avert considerable market risk, but also facilitate exports of many more types of products over land versus sea.”

February 2017: Jing Yinong (third right) discusses technical problems with Jindal staff in their steel plant.



Pan-Asia Rail Network

Challenges of the Southern Route under the Belt and Road Initiative

By Ma Bin

Policy uncertainty, increased costs caused by instability in some countries in the network and changes in key bilateral relations have impeded construction of various lines of the Pan-Asia Rail Network.

Railway construction is a priority to enhance connectivity during implementation of the Belt and Road Initiative. Major railways connecting China and other countries along the Belt and Road include both northern and southern routes. The northern route, which starts from Xinjiang Uygur Autonomous Region and northeastern Chinese provinces, connects China to Eurasian countries such as Russia and Central Asian countries. The southern route connects China to Southeast Asian countries via southwestern Chinese

provinces. The two routes are important underpinnings for constructing overland international economic cooperation corridors of the Belt and Road Initiative. Such infrastructure would facilitate a greater flow of personnel, commodities, and cultural exchanges between China and other countries along the Belt and Road. However, compared with the rapidly-progressing northern route as seen in lines such as the China Railway Express to Europe, the southern route, represented by the Pan-Asia Railway Network, lags behind in construction.

With a total length of

15,000 kilometers, the Pan-Asia Railway Network consists of three lines: the China-Vietnam-Cambodia-Thailand-Malaysia-Singapore eastern line, the China-Laos-Thailand-Malaysia-Singapore central line, and the China-Myanmar-Thailand-Malaysia-Singapore western line. Construction of the Pan-Asia Railway Network within China has been going smoothly, but construction of sections outside China, especially foreign sections on the eastern and western lines, will not see substantial improvements in the short term. Only the central line has witnessed some

progress over the past two years: Construction of the China-Laos Railway started in December 2016, and is expected to be completed by 2020. The first phase of construction of the China-Thailand Railway is expected to begin in 2017. Generally, various factors have resulted in slow construction of the southern railway corridor. Unsettled political situations in some countries and ballooning costs and cuts in funding, as well as outside influence from regional and global powers, can all be partially blamed for the situation. The following are the four key factors hindering the construction of the railway network.

The first factor is a turbulent political situation in several countries. Construction of the Pan-Asia Railway Network not only requires abundant resource input from related parties but also a comparatively stable social environment. However, in the past few years, construction of several key stations on the Pan-Asia Railway Network, including stops in Myanmar, Thailand, and Cambodia, has been delayed by social unrest characterized by either internal armed conflict or social instability triggered by elections. For such reasons, construction of the Pan-Asia Railway Network in these countries has been placed on the backburner. Some agreements and contracts on the construction of the Pan-Asia Railway Network signed by China and related countries became void and



November 3, 2015: Kunming South Railway Station under construction in Kunming, capital of Yunnan Province. Four major rail links, including the Lanzhou-Chengdu-Kunming Line, the Shanghai-Kunming Line, and lines running to coastal areas of southern China and to southwestern China, as well as the Pan-Asia Rail Network, converge at the station. [CFP]

some were not completed by a certain deadline, causing some projects to be suspended indefinitely. Instability would slow the construction process anyway. Since domestic chaos has already jeopardized the safety of the employees and property of the enterprises building and operating the railway network in these countries, respective governments must intervene. However, any simple fix, such as suspending projects until the situation gets better or wasting the entire budget on security, would still hamper construction of the railway network. Policy uncertainty and increased costs brought by instability in some countries along the railway network, as well as changes in some bilateral relationships, have impeded the construction processes of various lines in the railway network.

The second key factor

is pressure from cost-benefit analyses. The general precondition for countries to participate in the construction of the Pan-Asia Railway Network is the promise of benefits outweighing costs. Certainly, every Southeast Asian country would welcome a “free ride” on a railway connecting them directly to China to share the fruits of China’s economic development. In fact, such an idea is directly in line with the sharing concept advocated by the Belt and Road Initiative, and is meant to serve as the fundamental motivation to seek rail connectivity with China. For China, the Pan-Asia Railway Network can provide new passageways between China and Southeast Asian countries, which would not only facilitate greater bilateral trade and strengthen bonds, but also consolidate the cooperation framework of the Belt and Road Initiative.

CASE STUDY

However, various parties have produced differing assessments and calculations on construction costs and benefits. While one project or plan is deemed economically reasonable in the eyes of one party, it may not appear so to another. If various parties cannot reach consensus on cost sharing and revenue distribution, it will be difficult for the Pan-Asia Railway Network to become a reality.

The Nong Khai-Nakhon Ratchasima line, the northern section of the China-Thailand Railway, represents a key example of this problem. Economic considerations remain the major cause of Thailand's inertia in constructing the section. Since areas along the line feature comparatively backward economic development and small populations, they don't foresee sufficient volume of passengers or goods to keep trains operating regularly on this route. If most trains are moving passengers and

freight from China, the line would only have a limited effect in driving local economic development. And passage via local roads and airways is quite affordable, so cost pressure on introducing a railway has been mounting. For China, the China-Thailand Railway would represent a landmark project and a big step in China's high-speed rail going abroad. China places high value on such a line as a model for building the Belt and Road, but it still must strike a balance between strategic gains and economic costs.

Thirdly, political worries choke momentum. Railway connectivity, like other forms of economic cooperation, will generate an additive effect in the political realm. Sound operation of the Pan-Asia Railway Network will become a positive factor in consolidating and upgrading bilateral relations between China and the respective countries in the network. Although railway connectivity

under the Belt and Road Initiative framework aims to promote economic cooperation between involved countries, some have expressed concern about the accompanying political effects. Countries along the Pan-Asia Railway Network are more sensitive towards changes in relative gains. The postponement of the construction can also be attributed to financing and management problems.

Finally, the impact of fierce geopolitical competition cannot be ignored. The Pan-Asia Railway Network will promote ties between China and Southeast Asian countries, elevate China's status and enhance its influence in Southeast Asia. During the geo-economic structure remodeling process, countries with major influence in Southeast Asia have been watching closely. In recent years, Japan has increased its investment in the railway infrastructure of Southeast Asia. India has

December 15, 2016: A train passes the Dalihuaying Extra-large Bridge. The bridge is located along the Kunming-Yuxi section of the China-Vietnam and China-Laos international railways. [by Zhang Xiangtao/Xinhua]



proposed and promoted the Look East Policy. These moves have influenced the expectations of some Southeast Asian countries on the southern railway route along the Belt and Road. Some have consequently become more reluctant to participate and amended their cooperation conditions, impeding the construction process of the Pan-Asia Railway Network.

All these factors – unstable political situations, cost pressures, political maneuvering and geopolitical competition – have been hindering construction of the southern railway route along the Belt and Road. In the future, specific challenges may change along with developments to the situation, and some now minor factors could become more influential.

India's attitude and policies will substantially influence the construction of the southern railway route and other Belt and Road projects.

Since construction of the southern rail network along the Belt and Road increases China's direct routes to the Indian Ocean, special attention should be placed on the policy choices of

India, a long-time regional power. Although India is not the major force hindering passageway construction, the railway passageways under the Belt and Road Initiative and the China-Pakistan Economic Corridor both include passages to the Indian Ocean. This move has enhanced China's capacity to influence the regions surrounding India. As a major force in the regional environment around the Indian Ocean, India's attitude and policies to address these changes will substantially influence the construction of the southern railway route and other Belt and Road projects.

If India views the Belt and Road Initiative with a generally positive attitude, participates in the regional economic cooperation process within the Initiative, fosters regional emerging markets and shares the regional developmental fruits, it will promote its own domestic and regional development while enhancing its regional and international influences. If this is the case, India will likely support and even promote construction of the southern rail passageway along the Belt and Road and construction of the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor. If India views the Belt and Road Initiative negatively, the country could reject rail construction and related Belt and Road projects. With the advancement of the China-Pakistan Economic Corridor and southern railway network construction

as well as deepening economic cooperation between China and various Southeast Asian countries, India would gradually become isolated from projects surrounding the Belt and Road and marginalized in the new regional economic cooperation process. Compared with possible geopolitical challenges brought by the implementation of the Belt and Road Initiative, regional isolation is clearly a gloomier choice for India.

But India has always adopted a prudent attitude in its economic cooperation with China. Both China and India should work together to achieve progress via construction of the southern rail passageway along the Belt and Road and other related projects. As India faces the prospect of China expanding its connections to the Indian Ocean economic rim, its best path forward seems clear. India should participate in related Belt and Road projects and join the regional economic cooperation process, which will also ensure that geopolitical competition with China doesn't strain the relations between the two countries. The path to progress is earnest bilateral economic cooperation. 

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Belt and Road Initiative and “Make in India”

By Yue Zhaomin

New Delhi will certainly benefit from connecting its “Make in India” plan with the Belt and Road Initiative.

Soon after he took office in 2014, Prime Minister Narendra Modi introduced the “Make in India” plan, with the aim of building the South Asian country into a global design and manufacturing center. When Modi took power, India had just endured its lowest GDP growth rate in a decade and was facing a grim economic situation. In this context, the “Make in India” plan kindled new hope for a recovery of the Indian economy. A slew of reform measures and commitments under the plan significantly enhanced India’s attractiveness for foreign investment. Consequently, India topped the list of destinations for green-field investment in 2015, overtaking China for the first time to become the world’s biggest foreign investment destination.

The same year, India surpassed China in economic

growth for the first time. Although some analysts argued that the jump could be largely attributed to India’s adjustment of the GDP calculation method and benchmark year, India is undoubtedly striving to inject momentum into its economy by reviving its manufacturing.

“MAKE IN INDIA” PLAN: CONDUIT OF THE INDIAN DREAM

More than an encouraging slogan, the “Make in India” plan essentially calls for comprehensive, unprecedented correction and renovation of the country’s outdated procedures and policies and signifies a transformation of governance philosophy towards “small government and efficient governance.” A massive economic reform plan, “Make in India” is based on four major cornerstones: new ideas, new management modes, new infrastructure,

and new policies on foreign investment. The plan not only testifies to India’s ambition to rise comprehensively, but also its people’s dream of making their country one of the world’s great powers.

Since Jawaharlal Nehru vowed to make India a uniquely attractive great power, that goal has become a beacon guiding Indians forward. China’s tremendous achievements since its reform and opening up in the late 1970s astonished India and even depressed Indian morale. Against the backdrop of a quickly rising China, some Western scholars seized the opportunity to pit the two against each other with the theory of “competition between dragon and elephant,” which has implicitly influenced China-India relations and even flavored the central tone of bilateral relations between the two countries.

Western scholars likened

India to a docile, slow-moving elephant and China to a ferocious, aggressive dragon, reflecting subconscious recognition of the “China threat theory.” Consequently, dragon-elephant competition has now become an Indian version of the “China threat theory.” Research has shown a correlation between the rise of China and a surge of nationalist mentality among Indians in recent years. In his recently-published *India Rising: Fresh Hope, New Fears*, Ravi Velloor noted that one of the most significant benefits China’s rapid rise would bring to India would be “helping remove the roadblocks for India’s transformation.” It is becoming increasingly evident that China can provide “reminding signals” for New Delhi. China’s Belt and Road Initiative is the latest of such signals.

BELT AND ROAD INITIATIVE: INDIA’S TEAMMATE OR RIVAL?

Since the inception of the Belt and Road Initiative, the plan has aroused worry, doubt and debate among people from all walks of life in India. Indian scholars have interpreted the intentions of the Initiative from various angles including economics, strategy and security. Some of their views have been echoed by the Indian government.

Rahul Misha, a researcher with the Indian Council for World Affairs, believes that the Silk Road Economic Belt and the 21st Century Maritime Silk Road (collectively known as the Belt and Road Initiative) have different strategic objectives: The former emphasizes infrastructure construction with a focus on the connectivity of Eurasia, Central Asia and West Asia,

and the latter evidences China’s intention to play a greater role in the international arena.

India has supported China’s initiatives concerning the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank, but has voiced strong doubts about the Belt and Road Initiative. Per Misha, this is because New Delhi considers the Initiative a serious threat after a sense of crisis arose from the China-Pakistan Economic Corridor. Even if India is willing to suspend its boundary dispute with China and hitch a ride on China’s economic development, if Pakistan is involved, any program between China and India will inevitably become problematic.

History has shown that manufacturing is usually the cornerstone of a big country’s rise. After the 2008 global financial crisis, manufacturing became a focus of competitions between various countries. Some developed countries have introduced “reindustrialization” or “return to manufacturing” policies, leading to a new round of industrial revolution and a reshaping of the global manufacturing landscape. Meanwhile, China’s manufacturing is shifting from a traditional development pattern, driven by low-cost factors, to a new development mode fueled by high-end intelligence and innovation. This has left certain space for developing countries with comparatively low levels of industrialization.

— At Phool Mandi, the biggest flower market in India, a young girl lays back on the marigolds which are used for making garlands. [REUTERS]



DISCUSSION

According to predictions by Deloitte & Touche LLP, the “MITI-V” (an acronym for Malaysia, India, Thailand, Indonesia and Vietnam) are expected to take over China’s role in manufacturing labor-intensive products, with India most likely becoming the world hub for low-cost manufacturing.

Although India has the greatest probability of becoming the world’s next manufacturing powerhouse after China, the pressures that the South Asian country now faces are drastically different from those of China three decades ago. Thus, it is impossible for India to simply copy China’s successes.

First, India’s long elite-focused education policy has resulted in an astonishing polarization of education and serious deficiencies in basic

education. Conservative estimates show that a third of the country’s population is illiterate, resulting in an overall poorly educated labor force. Despite having the world’s largest cheap and young labor force, India still lacks the skilled workers needed for modern manufacturing. India ranked only 105th in the 2016 United Nations Human Capital Index.

Second, India’s underdeveloped infrastructure in areas like transportation, electricity, logistics and public services has significantly undermined its competitive advantages in low-cost factors.

Third, India’s huge population should create an enormous market, but its large marginal labor forces and low-quality employment

restrain the market’s consumption capacity.

Of the three major roadblocks hindering India’s reform – the taxation system, the labor act and the land acquisition bill – only taxation reform has witnessed breakthroughs, and the other two have not seen any substantive progress. Along with restrictions from its legal system, India also suffers from factors such as a long-running irrational economic structure, inefficient government, and religious, social and cultural problems. Moreover, the rising anti-globalization trend is likely to become an external factor restraining India’s development. Another noteworthy factor is the fast growth of robotic technology as global manufacturing experiences an upgrade. In

Indian manufacturing is imbued with the values of traditional culture. However, with decentralized organization and backward modes of production, coupled with the impact of modern industrial production and international competition, Indian manufacturing is in a grim situation and undergoing a painful transformation. [CFP]



the near future, robots will reduce the manufacturing industry's dependence on human labor. This will significantly offset the

dividend. If India fails to capitalize on this small window of opportunity, its demographic dividend could deteriorate into a dangerous

exports. Everything is positioned for win-win results.

However, because India sees China as the "driver" of the Belt and Road Initiative with a pivotal role in its implementation, it seems to have become a matter of pride. Indeed, the logo of "Make in India" is a marching lion composed of gears, rather than a gentle elephant. Whether or not that choice intentionally flips competition with China to that between a "lion" and a "dragon," India's recent moves to strengthen cooperation and contacts with its neighboring countries on both land and sea highlight not only its traditional interests and security considerations, but also its "great power" mentality in the form of its own initiative to facilitate regional dominance and a greater global voice.

Although India has never explicitly supported or accepted the Belt and Road Initiative, possibilities remain to merge pieces of the Initiative conducive to India's development with its own "Make in India" plan. However, the "Make in India" plan will not optimally help New Delhi realize its dream of becoming a "great power" by sticking to outdated geopolitical and strategic mindsets. 📌

India's worries about the Belt and Road Initiative are rooted in its anxieties over its own disadvantages and its lack of confidence about this future economic growth, rather than the external "threat" of a rising China.

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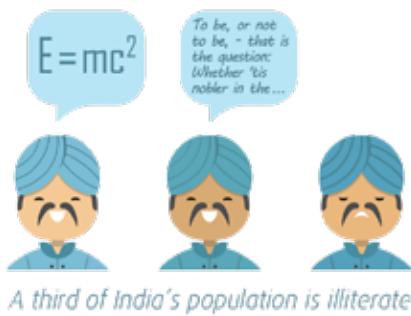
Of course, low-cost manufacturing will hardly eliminate its need for human labor over the next 15 to 20 years. India has time to unleash its demographic

"demographic bomb."

COOPERATION VS. COMPETITION: INDIA'S DILEMMA

New Delhi is clearly aware of its own crisis. Its worries about the Belt and Road Initiative are rooted in its anxieties over its own disadvantages and its lack of confidence about its future economic growth, rather than the external "threat" brought by a rising China.

The Belt and Road Initiative has erected a new framework for international economic and trade cooperation. As an important country along the Belt and Road, India will end up a big beneficiary of the program if it can connect its "Make in India" plan to the Initiative. The Belt and Road Initiative is expected to provide the very funds, technology and experience that the "Make in India" plan urgently needs to unleash its demographic dividend, improve infrastructure and expand the market for its



India still lacks the skilled workers needed for modern manufacturing

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Why Is FDI Keeping Its Distance from ‘Make in India’?

By Ranjan Mukerjee

Although India’s rapidly-growing manufacturing industry has garnered global attention, foreign direct investment is still struggling to keep up.

During the 2014 Indian general elections, one of Prime Ministerial candidate Narendra Modi’s key campaign promises was to turn India into a global manufacturing hub. For decades, Indian industries witnessed their Chinese counterparts rise rapidly as China became the preferred destination for manufacturing, turning the country into an export behemoth. At the same time, India’s own attempts at luring international companies to invest in the manufacturing sector were mostly futile. Modi and the Bharatiya Janata Party (BJP) wanted to buck this trend and pushed “Make in India” forward as one of the critical mandates in their election manifesto.

In September 2014, a mere

four months after being voted into power, the new Prime Minister flagged off the ‘Make in India’ initiative. It was met with overwhelming enthusiasm among the Indian public and business community, as well as generating considerable interest in the international media. This was, after all, the game changer that had been promised – a panacea that would take the Indian manufacturing industry to the land of plenty. Such high hopes for “Make in India” seemed justified considering the background of PM Modi and his relationship with Foreign Direct Investment (FDI).

As the Chief Minister of the Indian state of Gujarat, Narendra Modi built his reputation as a pro-business leader who had the Midas

touch when it came to attracting FDI. Japanese companies in particular were drawn towards investing in Gujarat, especially in infrastructure projects.

One has to remember that in terms of figures, Gujarat didn’t exactly seem like a hotbed for FDI. According to the figures released by the Reserve Bank of India (RBI) for the years 2000-2011, Gujarat received only about US\$7.2 billion in FDI, compared to US\$45.8 billion for the neighboring state of Maharashtra and over US\$26 billion for the Delhi National Capital Region (NCR).

However, this was still a substantial rise in FDI for a state that was generally overlooked by foreign business interests. Modi brought the same zeal for FDI growth to the national scale.



June 29, 2016: An employee checks a tag on a new scooter at Honda Motorcycle & Scooter India’s manufacturing base in Narasapura, Gujarat, India. The total annual production of Narasapura in 2016 was 2.4 million. Honda Motor Company said that India has the biggest market for two-wheelers. Investment in the local factory has brought new opportunities to the company. [CFP]

In his first few months after being sworn in, PM Modi embarked on a whirlwind tour across the continents. Although he met many world leaders, the primary goal of his travels was to have tête-à-têtes with the captains of industry, such as a closed-door meeting with the heads of Silicon Valley’s biggest companies. Every such trip was declared successful, with billions of U.S. dollars’ worth of FDI to India being promised.

But what effect – if any – has it actually had on “Make in India”?

FIGURES AREN’T EVERYTHING

As it turns out, they don’t paint a complete picture. According to the most recent Economic Survey conducted by the Indian government, the annual rate of FDI inflow stands at US\$75 billion – an impressive figure that is around the same as what China received during its growth boom in the period from the early to mid-2000s.

However, such statistics usually only take into account what has been pledged; the amount of FDI that actually does see the light of day is substantially lower. For

example, during the five biannual Vibrant Gujarat Global Investors Summits from 2003 to 2011, the state of Gujarat – under the stewardship of CM Modi – signed memoranda of understanding (MoUs) for FDI worth US\$876 billion. During the same period, China attracted FDI worth US\$600 billion. In reality, rather than trying to draw in more FDI than China, Gujarat struggled to keep up with its own neighbors within India.

The same is now true for “Make in India”. While multiple MoUs are being

DISCUSSION

signed by PM Modi on every state visit, the number of projects coming to fruition is drastically lower. The low conversion rate is proving to be a massive spoke in the wheels of the “Make in India” initiative. Moreover, a look at the breakdown of FDI by sector reveals that the services sector remains by far the most lucrative area for FDI, leaving the core “Make in India” sectors far behind.

In 2015-16, the services sector attracted 53.6 percent of all FDI, registering 136.8 percent year-on-year growth. By comparison, the manufacturing sector attracted only 18.6 percent of all FDI, managing to register a drop of 31 percent year-on-

year. Apart from the automobile industry (US\$2.5 billion FDI in 2015-16) and the pharmaceuticals sector (US\$1.5 billion FDI in 2015-16), “Make in India” has failed to excite foreign investors, and the consequences are starting to be felt in the manufacturing industry.

TOO MUCH TOO SOON

There is no question that the time to launch “Make in India” was the right one. As China moves away from a manufacturing-based economy to a consumer-driven one, it has created a vacuum that is there for the taking. When initially wooing FDI for “Make in India,” India’s demographic dividend

and large domestic consumer base were touted as its biggest plus points; after all, the same had worked to China’s advantage before.

However, there are two factors that the “Make in India” initiative did not account for: 1. a substantial lack of skilled labor, and 2. bureaucratic red tape that makes it very difficult to do business.

Both these factors are massive red flags for any international companies that would like to invest in Indian manufacturing.

In the most recent ‘ease of doing business’ rankings, the World Bank ranked India 130th globally. While many new schemes and policies



have been kicked off under the “Make in India” initiative to improve business conditions, India remains far from an ideal environment for a viable manufacturing hub. Elon Musk’s recent cool response to the Indian government’s overtures is seen as proof of the uphill road the manufacturing sector has had to take when converting FDI MoUs to realized projects. Despite laying out the proverbial red carpet for Tesla Motors, India has still not been earmarked as the manufacturing and export hub for the company’s South and Southeast Asian markets. “Make in India” may have a dazzling logo and hopeful message, but when it comes to FDI, it may have jumped the gun too soon for its own good.

STILL A HOPEFUL SCENARIO


It would be a folly to write off the “Make in India” project as unsuccessful, though. As FDI continues to

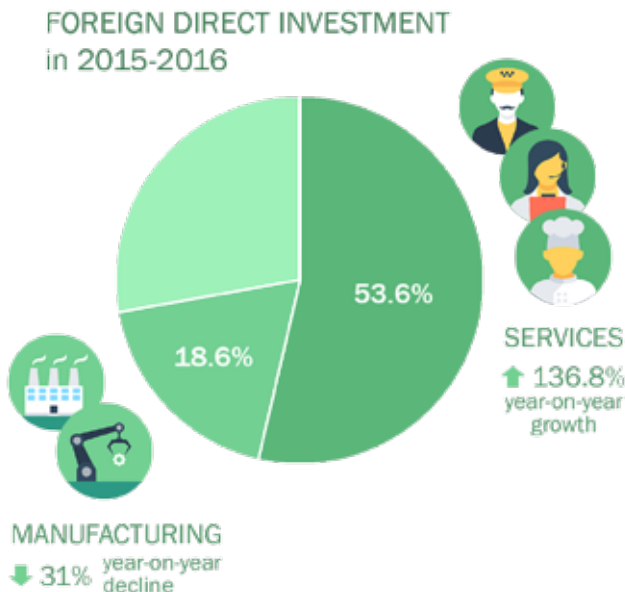


April 11, 2017: In Mumbai, India, a Tata Ggroup company named TAL Manufacturing Solutions unveils India’s first ever robot, BRABO. This is India’s first indigenous Industrial Articulated Robot. [CFP]

flow in, a lot of it will trickle over to the “Make in India” core sectors.

It may not be happening at the rate that was hoped for, but even a “some progress is better than no progress” scenario is a hopeful one. There has been a massive push to ensure that India’s

youth have the right skill-sets that the manufacturing sectors need. Simultaneously, efforts are being made to cut bureaucratic red tape and provide foreign companies with the peace of mind that doing business in India will be a hassle-free experience. Any notable effects of these efforts will still take a long time to pan out – time that the “Make in India” initiative cannot afford as it loses steam. For now though, it is safe to say that for “Make in India”, the greatest impact of FDI – or rather the lack thereof – has been setting off alarm bells that should bring about much-needed change. 



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Belt and Road Initiative

Three Years of Progress

Edited by **Hu Zhoumeng**
Designed by **Andrey Maleev**

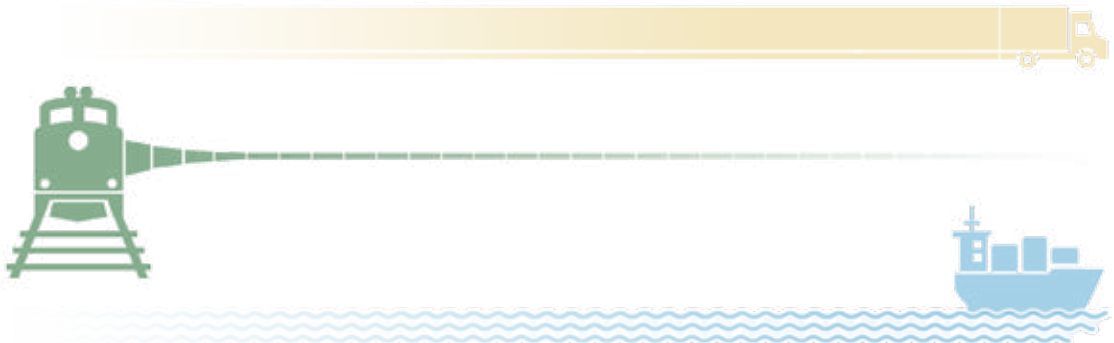
An excerpt from *Adhering to the Plan: Orderly and Pragmatic Construction of the “Belt and Road” – The Belt and Road Progress Report*, released by Chongyang Institute for Financial Studies, Renmin University of China (RDCY)

Since it was first announced three years ago, the Belt and Road Initiative has received the backing of over 100 countries and international organizations, and more than 40 countries and international organizations have signed cooperation agreements with China. Chinese investment in

the countries along the routes has exceeded US\$50 billion over the past three years, spurring economic development and creating abundant job opportunities in these countries.

The initiative originated in China, but it has delivered benefits far beyond the country's borders. It aims to reduce the gap in regional

development, accelerate regional integration, and achieve common growth and shared development between countries across the Eurasian continent and other relevant regions. The means to this end are policy coordination, connectivity of facilities, unimpeded trade, financial integration, and people-to-people communication. 



PROPOSING THE INITIATIVE



The Silk Road Economic Belt

was introduced in September 2013

The 21st-Century Maritime Silk Road

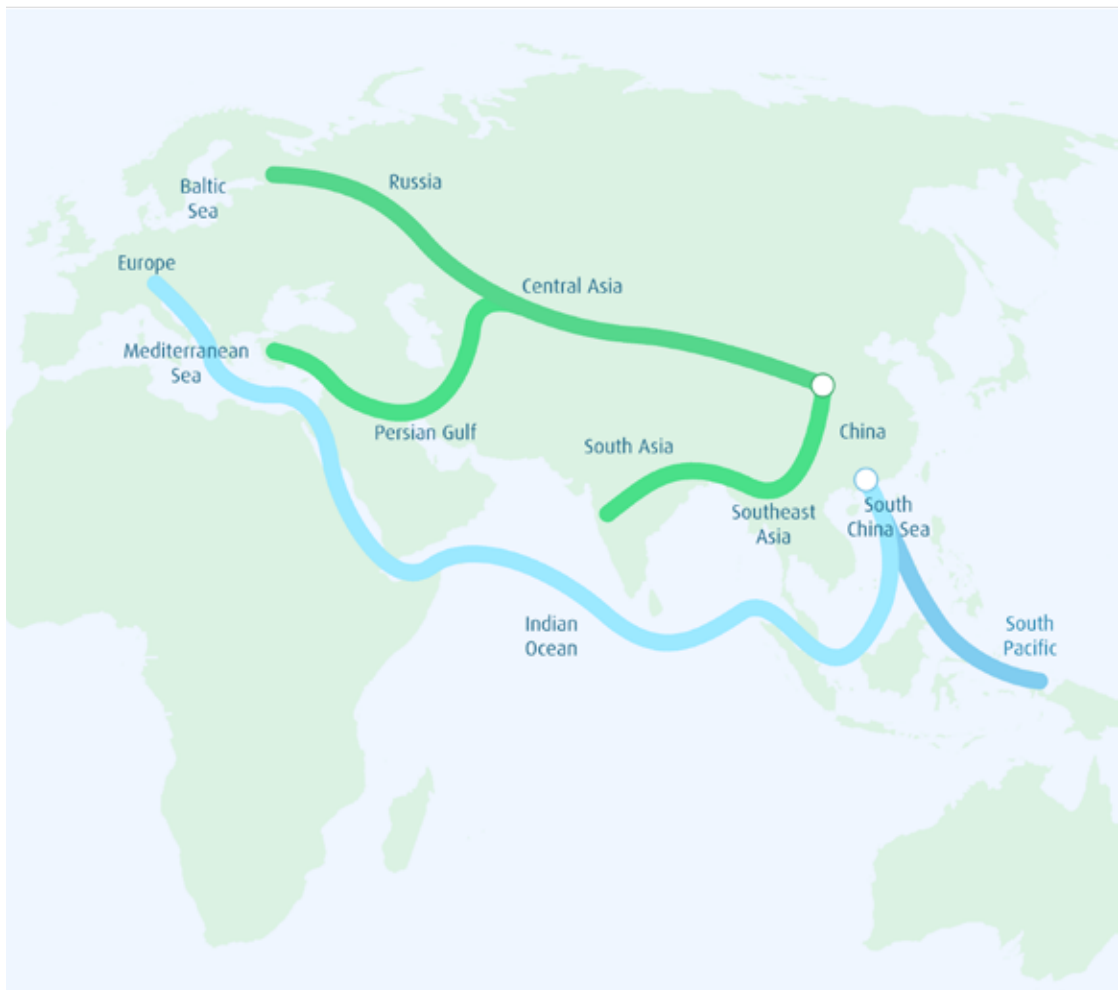
was introduced in October 2013



BASIC FRAMEWORK

On land, the Belt and Road Initiative focuses on jointly building a new Eurasian Land Bridge and developing China-Mongolia-Russia, China-Central Asia-West Asia, China-Pakistan, Bangladesh-China-India-Myanmar (BCIM) and China-Indochina Peninsula economic corridors by taking advantage of international transport routes, relying on core cities along the Belt and Road routes and using key economic industrial parks as cooperation platforms.

At sea, the Belt and Road Initiative focuses on jointly building smooth, secure and efficient transport routes connecting major sea ports along the Belt and Road routes.



POLICY COORDINATION

Policy coordination helps to bolster mutual political trust, reach consensus on cooperation, coordinate development strategies, facilitate trade and introduce multilateral cooperation mechanisms. China has been working with countries along the Belt and Road routes to push forward programs and projects under the initiative for regional and cross-regional cooperation.

BILATERAL COOPERATION

Agreements signed with the countries along the Belt and Road routes

Bilateral investment agreements with
56
countries

Free trade agreements with
11
countries

COORDINATION OF DEVELOPMENT STRATEGIES



The Bright Road



Eurasian Economic Union



Prairie Road



Juncker Plan



Northern Powerhouse



Eurasia Initiative



Two Corridors and One Ring



A Vision for Developing North Australia



Master Plan on ASEAN Connectivity



The Amber Road

MULTILATERAL COOPERATION

Shanghai Cooperation Organization (SCO)



China-CEE Cooperation (16+1)



ASEAN Plus China (10+1)



Asia-Pacific Economic Cooperation (APEC)



Boao Forum for Asia (BFA)



Asia-Europe Meeting (ASEM)



Asia Cooperation Dialogue (ACD)



Conference on Interaction and Confidence-Building Measures in Asia (CICA)



Forum on China-Africa Cooperation (FOCAC)



China-Arab States Cooperation Forum (CASCF)



Greater Mekong Sub-Region (GMS) Economic Cooperation



Central Asia Regional Economic Cooperation (CAREC)



Lancang-Mekong Cooperation (LMC)



China-Gulf Cooperation Council Strategic Dialogue



CONNECTIVITY OF FACILITIES

China has been working with countries and regions along the Belt and Road routes to connect infrastructure networks, integrate energy infrastructure and establish an Information Silk Road. An infrastructure network that links Asian sub-regions and extends beyond Asia into Europe and Africa is taking shape.



MAJOR PROJECTS IN PROGRESS:

- Jakarta-Bandung high-speed railway
- China-Laos railway
- China-Thailand railway
- Hungary-Serbia railway
- East-West Turkey high-speed railway
- Gwadar Port



39 freight train lines between China and Europe are in operation

3000 cargo trains are already running

By 2020, the number of cargo trains is expected to rise to **5000**



15 new airport projects and **28** airport expansion projects have been launched in provinces along the Belt and Road routes.

China's state-owned enterprises have participated in the construction of **40** overseas energy projects, including power plants, electricity transmission facilities and oil and gas pipelines, covering **19** countries along the Belt and Road routes.



Chinese telecommunication service providers, headed by China Unicom, China Telecom and China Mobile, are speeding up cross-border transmission projects in countries along the Belt and Road routes.



The China-led TD-LTE standard has become one of the two major 4G standards in the world, as **85** commercial TD-LTE networks deployed in **47** countries account for half of global users.



Chinese nuclear power companies have launched cooperation projects in Romania, the UK, Pakistan and Argentina.



Chinese hydropower companies have worked on cooperation projects in Angola, Brazil, Nepal, Pakistan and Argentina.



UNIMPEDED TRADE

China and the countries along the Belt and Road routes have been working together to facilitate trade and investment activities by negotiating bilateral agreements on investment protection and tax treaties to avoid double taxation. This removes trade and investment barriers and creates a healthy business environment.

TRADE FACILITATION



China has signed **14** free trade agreements (FTAs) involving **22** countries and regions.

China is actively promoting the Regional Comprehensive Economic Partnership (RCEP), China-Japan-South Korea FTA negotiations and strategic research on an Asia-Pacific FTA.

COOPERATION PLATFORMS

China has set up:

- **17** border economic cooperation zones
- **5** pilot zones for the development and opening-up of border regions
- **1** cross-border economic cooperation zone, with another **11** cross-border economic cooperation areas under construction

INVESTMENT FACILITATION



China has signed bilateral investment treaties with **104** countries along the Belt and Road routes.

By the end of 2016, China had launched **56** overseas trade and economic cooperation zones along the Belt and Road routes.



FINANCIAL INTEGRATION

China is pushing forward cross-border financial cooperation with countries along the Belt and Road routes and international financial institutions, so as to meet the needs of these countries for financing and financial services in infrastructure development. China is also developing RMB trade settlements, currency swaps, investment credit and other financial services between countries along the routes and other economies. Meanwhile, it is seeking to reinforce cooperation with these countries on financial regulation and supervision to build up efficient regulation and supervision mechanisms in the region.

FINANCIAL COOPERATION

INTERNATIONAL AND MULTILATERAL DEVELOPMENT FINANCIAL INSTITUTIONS



Asian Infrastructure Investment Bank (AIIB)

Headquarters: Beijing

Founded on December 25, 2015

Authorized capital: **US\$100 billion**

The bank approved loans totaling **US\$509 million** for its first four projects on power, transportation, urban development, etc. in Bangladesh, Indonesia, Pakistan and Tajikistan on June 25, 2016.

The Silk Road Fund



Established in Beijing on December 29, 2014

Registered capital: **61.525 billion yuan**
(around **US\$8.952 billion**)

The Fund signed an MOU with the China Three Gorges Corporation and the Pakistan Private Power and Infrastructure Board to develop Pakistan's Karot hydropower project, its first overseas project, on April 20, 2015.

The New Development Bank



Headquarters: Shanghai

Founded on July 21, 2015

Authorized capital: **US\$100 billion**

The bank announced its first round of loans totaling **US\$811 million** for clean energy projects in China, India, Brazil and South Africa on April 21, 2016.

CHINA'S DOMESTIC POLICY-BASED FINANCIAL INSTITUTIONS

China Development Bank



The China Development Bank has set up a "Belt and Road" project pool involving over **900** projects from more than **60** countries in fields like transportation, energy, and resources.

The Export-Import Bank of China



The Export-Import Bank of China has provided funds for over **1,000** projects involving roads, railways, ports, power resources, pipelines, communications and industrial parks in **49** countries along the Belt and Road routes.

CHINA'S DOMESTIC COMMERCIAL BANKS

9

Chinese-funded banks have set up **56** Level A branches in **24** countries along the Belt and Road routes.

56

commercial banks from **20** countries along the routes have set up **7** subsidiaries, **18** branches and **42** representative offices in China.

RMB REGIONALIZATION AND INTERNATIONALIZATION

CROSS-BORDER USE OF RMB

The cross-border RMB settlements between China and other countries and regions along the Belt and Road routes exceed **2.63 trillion** yuan (around **US\$388.4 billion**).



CURRENCY COOPERATION AMONG CENTRAL BANKS

As of August 15, 2016, the People's Bank of China had signed bilateral currency swap agreements with the central banks or other currency authorities of **35** overseas countries and regions, **21** of which sit along the Belt and Road routes.



CROSS-BORDER RMB PAYMENT, CLEARING AND SETTLEMENT

There are **20** RMB clearing banks in operation, **7** of which are located in countries and regions along the Belt and Road routes.



COOPERATION ON FINANCIAL REGULATION AND SUPERVISION

As of August 20, 2016, the People's Bank of China had signed MOUs on financial intelligence communication and cooperation with **39** overseas anti-money-laundering organizations.



The China Banking Regulatory Commission has signed MOUs or Exchange of Notes on bilateral regulation and supervision with the financial authorities of **28** countries along the Belt and Road routes.

The China Securities Regulatory Commission has signed **64** MOUs on regulation and supervision with the securities authorities of **59** countries and regions.

PEOPLE-TO-PEOPLE COMMUNICATION

With the spirit of friendly cooperation along the Silk Road, China has been developing people-to-people exchanges in the fields of culture and education, tourism, health care and medical services, and science and technology, among others, with countries and regions along the Belt and Road routes.

CULTURE AND EDUCATION

China annually provides **10,000** government scholarships to countries along the Belt and Road routes, **120,000** training opportunities and **150,000** scholarships for citizens of other developing countries to receive education in China,



so as to help train **500,000** professional technicians for other developing countries.

China has worked with countries and regions along the Belt and Road routes through **19** one-year sessions devoted to specific countries, and set up **25** overseas Chinese culture centers, **134** Confucius Institutes and **130** Confucius Classrooms.



Nearly half of the overseas students in China come from the countries along the Belt and Road routes.

TOURISM

China has worked with relevant countries to hold **9** "Tourism Year" events with diversified features, and over **130** promotional events like "Tourism Weeks," "Tourism Promotion Weeks," and "Tourism Months."



From 2016 to 2020, **150 million** Chinese tourists are expected to visit foreign countries along the Belt and Road routes, with a total expenditure of **US\$200 billion**.

China is expected to attract **85 million** visitors from the same area, with a total spending of **US\$110 billion** in China.



HEALTH AND MEDICAL CARE



China has cooperated on medical staff training, public health services and traditional medicine with ministries of health, medical schools and other organizations from central and eastern Europe, ASEAN, the Arab League and other regions and countries, and has signed **23** international agreements with these countries and regions.

SCIENCE AND TECHNOLOGY



China has signed **56** MOUs on scientific and technological cooperation with countries along the Belt and Road routes, covering sectors including space, energy, and ecology.



China has established **38** scientific and technological centers related to the Belt and Road Initiative, ranging from smart industrial parks, joint labs, international technology transfer centers and industrial cooperation centers to business incubation centers.

PEOPLE-TO-PEOPLE EXCHANGES

As for youth exchanges, China has jointly held **8** "Youth Exchange Years" with relevant countries and launched **9** youth talent training and development programs.



Concerning cultural and media cooperation, China has engaged in **35** significant events such as the Chinese and Foreign Media Forum for the Belt and Road Initiative.

Concerning public welfare, environmental protection, poverty reduction and opening up, China has worked with countries along the Belt and Road routes to host **26** events such as the "Belt and Road" Joint Action High-level Dialogue, the "Belt and Road" International League for the Peaceful and Friendly Development of Youth, and the China-ASEAN Forum on Social Development and Poverty Reduction.

Concerning think tank exchanges, Chinese think tanks have organized as many as **29** relevant events including the China-Iran Think Tank Dialogue, the China-Turkey Think Tank Dialogue, the China-Kazakhstan Think Tank Dialogue, and the U.S.-China Dialogue on the South China Sea between Chinese and U.S. think tanks.



The data shown above was correct as of June 30, 2016, unless otherwise noted. Some data has been updated or expanded.

China and India on the Silver Screen

Concept by *China-India Dialogue*

Song of the Little Road: A Celebration of Life

Yang Jian

Age: 24

Occupation: Matte Painting

Birth place: Chongqing

Current residence: Beijing



My favorite Indian film is *Pather Panchali* (*Song of the Little Road*). *Pather Panchali* is a drama film directed by Satyajit Ray. The first film in the Apu trilogy, it depicts the harsh village life of a poor Brahman family.

The film tells the story of a family living in a ramshackle house, with never enough food to eat. Fortunately, with

a thrifty mother, the family lives a decent life. When the youngest child, Apu, is born, the father is making a stable income, and promises his wife that all will be well. A few years fly by. Apu has grown up, and his elder sister, Durga, is to be married. The mother still works hard day after day, yet the family's situation has not improved. To pay off his debts, the father travels to the city to seek a better job, but then they lose contact with him. During his absence, the family sinks deeper into poverty and the mother, having to rely on help from neighbors, is in despair. Then one day, due to long-term malnutrition, Durga becomes sick, and the house that has been passed down through the family for generations is washed away by heavy rain. When the father returns home and starts to show off the merchandise he has brought from the city, he discovers that he has lost his daughter. Overcome with grief, the family decides to leave their ancestral home.

What is worth noting in this movie is that although it tells the story of the poor, it does not stress the suffering brought about by poverty. Through the eyes of the children, Apu and

Durga, it portrays both the poverty and the small delights of daily life. In the film, poverty is a magnifying glass rather than a fig leaf, and magnifies the humbleness and frailness of people more clearly.

In the film, I also see the awakening of the feminist consciousness in India. The mother used to murmur in the night when her husband was asleep. "Sometimes I feel depressed when you are away," she said. "You will never know. I have a dream, I can also do everything."

The mother, born to a noble family, has to worry about their daily necessities, about quarrelling with neighbors over fruit stolen by the children, over chilies with the door ladies day and night. She lives in dignity, but finally gives up her dowry as life becomes too difficult, barely surviving in the dilapidated house.

Pather Panchali is a 1955 drama film. Even back then, Indians were able to focus their attention on the dream of a poor mother who was struck by poverty, and regarded the poor soul as a brave human being. From this movie, I can see the love and understanding of Indians, and their compassion for their country.

Not One Less: Why You Should Care

Shibesh Mehrotra

Age: 24

Occupation: Writer

Birth place: Nagpur

Current residence: New Delhi



There's a moment in Zhang Yimou's *'Not One Less'* when substitute teacher Wei Minzhi is asked by a reporter why she's spent so much time looking for Zhang Huike, a student of hers who comes to the city for a job and ends up getting lost. Why does she care so much? Minzhi, in that moment, doesn't know what to say but when the reporter asks her to look into the camera, imagine Huike is watching and send a message,

she breaks down. Tears stream easily from despair-ridden eyes as she chokingly asks her erstwhile student to come back. She doesn't know why she cares, she just does.

When I watched this movie at the age of 15, I had taken it as a clear denunciation of the idea that things should always have "worthwhile reasons" for you to care about them.

Everything is a worthwhile reason for those who have not been allowed the luxury of questioning. All throughout the film, we see characters following the most meaningless orders to a T, because questioning them would involve using time and energy they don't have, to break down concepts they don't understand.

Where others see bureaucracy in assistants and guards depicted in the film, I see people as clueless as the 13-year-old with no experience who has been tasked with teaching a class of 26 students. Two students for every year she's been on this planet. Students who are there to gain no particular education, just an idea of the most basic things so they can have a marginally better future than their parents. No one in this film can afford the luxury of asking, "Why?"

And it is in that seemingly desolate scenario that humanity shines. We can learn to care about anything. In a particularly heart-wrenching moment

where Huike reads out the class president's diary, we learn that Gao, the teacher, has taught them to treasure every last piece of chalk because the only way they can afford any is by skimping on the quality of tables. Chalk that Huike and Minzhi had taken for granted.

In another sequence, we see the entire class, riled up by the will to help get Huike back, entirely invested in learning the real-world mathematics of a daily laborer's job. Each one of them is trying their very best to answer how many bricks they would have to move over how many days to earn enough for Huike and Minzhi's bus tickets, to and from the city. It's a remarkable sequence. One that doubles down on the core message of the movie: wonderful things happen when you care.

A little girl learns to treasure the piece of chalk that imparts education of her when she cares. A classroom full of not-so-bright kids, who hate the idea of studying, do complex math problems together when they care. The bureaucracy turns around, looks at you in disbelief and makes space for you to come on primetime television to look for your friend when you care. A whole city lends support to revamp a poor school they'd never heard of when they care.

'Not One Less' taught me, as a teenager, why I should care.

Indian Films: Shockingly Sincere

Wang Yini

Age: 24

Occupation: Student of the Beijing
Obstetrics and Gynecology Hospital

Birth place: Beijing

Current resident: Beijing



When India is mentioned, scenes from Indian films are what first springs to my mind.

Compared with the many works of developed countries, in which spiritual emptiness is hidden under artificiality, Indian films take root in an ancient and crowded land. They seem to have endless topics for discussion. The Indian films I have seen so far focus mostly on the current psyche of the people, generated from the harsh reality: most of them are preoccupied, some careless, but a little optimistic. When

we discuss their pent-up inner desires, they illustrate how the spiritual world of Indian people naturally forms, never departing from the social environment; when the discussions settle into the seemingly hopeless reality, the films always lay out the facts, never blaming someone in what seems like silent irony,

or maybe, listing the few lifelong wishes they dream to achieve.

I think it is precisely because of this, that Indian films shock me with their sincerity. In the film *Parched*, the shocking poverty, the experience of lower-class Indian women and their desire for freedom, as well as the swaying inertia of consciousness under the wakefulness of the mind, all arouse my fear, compassion and reflection. Then there is the *Three Idiots*, which carefully paints a perfect character image

that lives in our dreams, which, when we wake up, leave us a little disappointed, but brings us back to the real competition in the world: how valuable it is for those who are driven by fear or disguise to live up to their true selves. Another example is *Guzaarish*, a rare rational film that does not focus on just India. It expands into exploring understanding and loneliness, but is not out of touch, leaving the audience in empathy and inner peace, no longer feeling confused.

The outcomes of Indian films are often comedic and do not stress the sufferings of lower-class people, the troubles of the middle class, or the boredom of the rich. Never say “never” is their eternal philosophy. Even the dances that show “sincerity” are not meaningless. It is in their nature to bring real pleasure to others, and the film wants more people to pursue happiness, even for a short period of time. Indian films, almost never conceptualized, idealized or purposely pursuing profoundness, are mostly simple with a single theme. They are like a real friend with endless honest words to say, and express what they truly feel, which is more than enough to resonate with people. Perhaps we can only take a small glimpse at India through the films it makes, but the always emotional and inspirational Indian films are, step by step, giving a closer view of India, and a better understanding and expectation of the country.

Hero: Pure Poetry in Motion

Freyan Patel

Age: 28

Occupation: Freelance Writer

Birth place: Mumbai

Current residence: Mumbai



Zhang Yimou's martial arts film, *Hero*, is a study on the relationship between art and fighting. It compares music to martial arts ("martial arts and music share the same principles: both wrestle with complex chords and rare melodies") and links swordplay with calligraphy ("the truth of calligraphy has to be intuitively grasped. It is the same with swordplay. Both seek to return to a state of simplicity"). But above all, the Chinese movie is an exploration of truth and sacrifice.

The movie opens with our hero, Nameless (Jet Li), being brought to the royal court of the tyrannical King of Qin (Chen


Daoming), whose attempts to unite China's seven warring kingdoms have earned him many enemies, chief among whom are the deadly Zhao assassins, Long Sky (Donnie Yen), Flying Snow (Maggie Cheung), and Broken Sword (Tony Leung). Claiming to have killed all three, Nameless is brought to sit within 100 paces of the ruler – a rare honor – and tell his story. As a reward for killing Sky, he is allowed within 20 paces of the ruler. As a reward for killing Sword and Snow, he comes within 10 paces. A step further and he'll be killed on the spot.

Each story that Nameless tells is bathed in color – grey for Sky's demise; violent scarlet for the tale of love and betrayal spun around Sword and Snow – while the scenes at King of Qin's court are stark in comparison. The King of Qin listens carefully to Nameless' stories, only to surmise he's lying, accusing him of colluding with the assassins to get within ten paces and make an attempt on his life. From here, we hear the story as imagined by the King of Qin. It unfolds in shades of blue. What does it say about his story that it's draped in a color that symbolises truth and wisdom? What follows is a back-and-forth between the King of Qin and Nameless, as each adds to and alters the story until you're left wondering what's real. Each revelation comes with its own color palette.

Much is made of the film's superb visuals. I'd frame just about any shot and hang it on my living room wall if I could.

But special mention must be made of the battle between Nameless and Sky; the final seconds of Moon (Zhang Ziyi) and Snow's battle in red; and Sword and Nameless' duel across a lake. But what of the actors themselves? Jet Li turns in a solid performance as Nameless. And despite being onscreen for hardly 20 minutes, Donnie Yen leaves a lasting impression as only he can.

The cast highlights for me were Chen Daoming's Qin, who moves so deftly from the feared despot to the vulnerable, lonely ruler that it was hard to pinpoint the moment I started sympathizing with him. And then there's the incomparable pairing of Maggie Cheung and Tony Leung. The actors have perfected the art of the understated performance and if, like me, you loved them in Wong Kar Wai's *In the Mood for Love*, you'll love them here. *Hero* is a work of art, and the two have found a way to not only blend in with it, but stand out from it as well. Every action and expression is a carefully-thought-out step in an elaborate dance between Snow and Sword, the lovers and, individually, the warriors. Their story touched a nerve for me more than Nameless' ever could.

I loved *Hero* and thought it was pure poetry in motion as much as it was about the fight scenes. For me, the Chinese film is a celebration of beauty and philosophy, and as veteran film critic Roger Ebert put it, "it is violent only incidentally." 

Crossing Cultures

Indians in China

Concept by *China-India Dialogue*

What springs to mind when you think about China and India? Politics? Trade? The economy? Those are all crucial, but perhaps even more important are individual stories of relationships between ordinary people. What's life like as an Indian in China? What are the biggest differences between the two countries, as experienced by people who have lived in both? What advice would ordinary Indians give to someone thinking of heading for China? To find out the answers, the team here at *China-India Dialogue* has been tracking down Indian expats in China to hear their stories.

A Culinary Adventure

Nitesh Kasana

Text by Nick Lanigan

Photographs courtesy of Nitesh Kasana



Nitesh Kasana believes that China and India have a communication gap.

Nitesh Kasana, from New Delhi, works as Head of Operations for the Indian market at a company named DELSK in Beijing. He's left his home behind, traveled thousands of

miles, and forged a career in a land with a language, culture and customs totally unlike his own. But when asked what the biggest difference between the two countries is, he doesn't hesitate. "It's definitely the food," he says. "Chinese food and Indian food are very different in terms of taste and materials. Chinese people love meat, whereas Indian people prefer more vegetarian dishes." Of course, Nitesh has managed to adapt to that too. "After two years in Beijing, I'm used to Chinese food and I love it," he says, "but I still crave Indian food a lot, and that is one reason why I often cook at home."

In Nitesh's experience, the difference between the two countries' cuisines is also something that Chinese people are aware of, and they're

keen to find out more. "As an Indian, people ask me so many questions," he says. "Typically, the questions include 'do all Indians eat curry?' and 'why don't Indian people eat beef?'"

"I try to answer as simply as I can," says Nitesh. But those are far from the only things that people in China are curious about. According to Nitesh, other common questions include, "Do all Indians dance and sing?", "Is India a hot country?", and even "Why don't you have dark skin?" This curiosity hasn't stopped him from making Chinese friends, who have helped him whenever he faced difficulties in Beijing, but it is something he thinks the two countries could work on.

"I think China and India have a big communication gap," explains Nitesh. "Our

two countries have so many similarities and shared traditions, yet we don't know each other so well." He believes that many people in both countries have misconceptions about each other, sometimes because they have never met a person from the other country before. "Indians and Chinese need to travel a lot in each other's countries and try to get to know each other in real life, rather than just from reading or watching the news," he says. "I think that the more people travel in India and China, the better they will understand them."

And if you aren't able to plan a trip yourself? "Movies can also be a great way to learn about the cultures of both countries," says Nitesh. "India and China are future powers; learning about each other's cultures will do no harm, but will only present more opportunities."

A Rollercoaster Ride

Anup Mohan

Text by Nick Lanigan

Photographs courtesy of Anup Mohan



For Anup Mohan, working in China has been an unforgettable experience.

"I first arrived in China in 2013," says Anup Mohan, "on a trip sponsored by my company. I was intrigued by

the organized approach of the country's people and its gigantic infrastructure." Back then, Anup thought he was coming for a short visit – but four years later, he's now working full-time for a marketing company in Beijing. "I work with various Chinese companies that are considering going overseas, and global companies that want to move to China," he explains. "I handle everything for them, from their social media to finding relevant business partners."


For Anup, working in China has been an unforgettable experience. "It's like a rollercoaster," he says. "When I was in India, I was at the bottom of the pile, and when I am in China, I am at the top. It's unique."

The experience has been as transformative personally as it has professionally. "In my time working in China, I have never found or chased my comfort zone," says Anup. "That's the beauty of this experience. I have been challenged to redefine my thought process, my way of working, my communication style – it has made me so much more self-aware than I ever imagined." That may sound daunting, but Anup has risen to the challenge. "In India, I always find my comfort zone, since I can get around easily and always find my way out of a situation," he explains. "My Chinese experience has challenged me to doubt how strongly I even believe in my own beliefs. This question itself is a greater gift to me than anything else."

Anup has learned that even the more difficult aspects of life as an Indian in China can be turned into positives. "China

is a complete surprise that can shock you, make you laugh, make you frustrated, make you happy, or make you doubt yourself," he says. "In the end, life is always about getting to know yourself better, and being completely out of my comfort zone in China gives me a platform to do that."

Anup accepts that not everyone in India would move to China as readily as he did. "I have been to 22 countries, and in my experience, China is the most misunderstood country in the world," he says. "When I talk with Indian people about China, they say things like, 'Do you not know about the 1962 war?', or 'China is eating away at the Indian market with cheap products,' or even 'How can you live in such a country?'" After spending so much time in China, these are viewpoints that Anup cannot agree with. "In my opinion, Indians have a lot more misconceptions about China than Chinese do about India," he tells us. "Yes, maybe bilateral relations haven't always been extremely positive in the past. But the future for the two countries could be beyond our wildest imaginations."

The future for India and China is a subject of interest around the world. "Recently, I met a businessman in San Francisco," Anup recalls, "and he was telling me that I am at the center of the world economy. He was referring to the Chinese and Indian markets and the positive future of both countries." This is a sentiment Anup shares. "For me, it's not about competition between India and China," he says, "but an approach of 'evolution through collaboration.'" 

Chai Break

By Poonam Surie

Chai isn't just a steaming beverage but an entire culture around which life in India and China revolves.

There's nothing more potent than a cup of chai to bring cheer on a cold, foggy day. And nothing more relaxing than sitting on a park bench with friends and holding a *kullar*, or earthen clay cup, to warm the hands as well as the heart.

Chai is not just a drink, but a whole culture, around which life in both China and India revolves. These are the world's two largest tea-producing countries, although their teas are of different varieties.

Dating back to ancient times, especially the Tang (618-907) and Song (960-1279) dynasties, teahouses dotted the streets and lanes of Chinese towns. High-ranking officials and noble lords, as well as commoners and businessmen, gathered at the teahouses. Scholars exchanged ideas and disputes were mediated while drinking tea here. Teahouses were a microcosm of Chinese society, as well as being political and economic centers. People often used tea as a betrothal gift, and in *A Dream of Red Mansions*, written by Cao Xueqin in the Qing Dynasty (1644-1911),

Wang Xifeng says to Lin Daiyu, "Since you have drunk our tea, why not be our sister-in-law?" This is an example of 'accepting' tea. There are many fascinating stories of this kind. Many of these teahouses still exist, some providing entertainment to their customers with opera, music and other performances.

Tea is known for its anti-oxidant properties. In winter, tea warms and in summer, it cools. It is the perfect rejuvenating elixir.

At the Bai Ma Si (White Horse Temple) in Luoyang, Henan Province in China, the head priest performed a tea ceremony for us. Similar tea ceremonies are performed in monasteries and temples all over China. The deep connection between Buddhist monasteries and tea is well known. In cities, lanes and hutongs, tea is very often carried in bottles and flasks, constantly being refilled.

An important unifying factor binding a diverse India is the roadside chaiwalla, or tea vendor. Colorful Delhi has its fair share of slums and shanty towns, where thousands of hearts beat to the music of

the city, the buzz of traffic, the cacophony of cranes building metro stations, the yells of street vendors and every other noise imaginable. Here chai pe charcha, or chatting over tea, is a sport practiced on street corners, in government offices and in college cafeterias. Chai addas have always been a meeting point, with many never-ending discussions on life, politics and society taking place; and where innumerable business deals and matrimonial alliances have been finalized over a cup of tea and a samosa. In crowded marketplaces, tea is carried in aluminum kettles and poured out in small glasses for people to sip on the streets. It keeps us going, both in the scorching summer and in the freezing winter.

Now, tea is becoming popular with the young as well. Chai Point, an app-based service delivering tea to your doorstep, is a chain started by young entrepreneurs. With 40 outlets across Bangalore and Delhi National Capital Region, it has plans to enter other states as well.

Another tea room celebrating chai is Chaayos. Founded in 2012, the company was started up by young professionals who recognized that tea was overtaking coffee in popularity. The focus is on meri wali chai (my kind of tea), catering to individual tastes in a variety of flavors such as ginger and basil, cinnamon, *kullar chai*, desi chai (local tea), green tea, Earl Grey, Orange Pekoe, chamomile, Darjeeling First Flush, Jasmine, pahadi chai (Kashmiri Kahwa), rose cardamom, *aam papad chai* (sun-dried mango tea) and so on. These are accompanied

with snacks such as samosas, butter chicken sandwiches and *vada*.

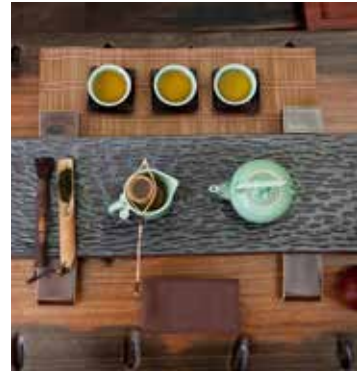
Tea-making in China is a special art which can be witnessed in tea-tasting parlors. There are hundreds of varieties of tea. Some have spices, flowers and dried fruits added for medicinal purposes. There is chrysanthemum tea, peony, rose and jasmine tea, and tea with many other flowers. Tourists can taste 12 to 15 brews at a sitting, until they decide which ones they like—but beware, because tea shops catering to tourists can sometimes charge exorbitant amounts from gullible customers, who realize they are being swindled only too late.

Tea drinking has a long history in China. Legend has it that tea was discovered in ancient China by Emperor Shennong. The emperor, considered the father of agriculture and whose name means Divine Farmer, was resting under a camellia tree. He had just boiled some water to drink when a leaf from the tree floated down, fell into the cup and colored the water. The emperor found the added taste of the infusion to be refreshing. From that point on, it was known as tea, was grown widely and eventually gave rise to the habit of drinking tea, which has spread across continents.

In China, tea was used as a ritual offering as well as for medicinal purposes. The preparing of tea took on social meaning when it became a tea ceremony, and it was closely associated with Buddhist monasteries. The story goes that the Buddhist monk, Bodhidharma, who brought

Chan Buddhism to China, came from southern India and settled in the Songshan Mountains, where the Shaolin Monastery now stands. It is said that he sat in meditation for nine years facing a wall and, on one occasion, he fell asleep. In disgust, he cut off his eyelids and threw them away, only for them to sprout up as tea bushes. Monks then started drinking tea to stay awake. Lu Yu, who wrote *The Book of Tea* in the Tang Dynasty, recorded a detailed account of the ways to cultivate and prepare tea, different classifications of tea and tea-drinking customs. Whipped powdered tea, which was derived from compressed cake, came into fashion in the Song Dynasty. But after the Yuan Dynasty (1279-1368), due to foreign influence, it disappeared completely. People then started drinking tea made from leaves, a practice that has continued until today. In the 17th Century, new methods of tea production were discovered, such as using tea leaves which were sun-dried and half-fermented to produce oolong tea.

The earliest recorded history of tea-drinking in India dates back to 750 BC. But it was the British who, given to buying large quantities of Chinese tea to meet the demands of Britain's tea drinkers, paved the way for tea cultivation on a large scale in India. In 1774, Warren Hastings (the first de facto Governor-General of India from 1773 to 1785) sent tea seedlings from China to northeastern India and the noted botanist, Sir John Banks, suggested that tea be grown in India. However, in 1823, it was discovered that some



China is the origin of tea culture. Its tea sets are always delicate and exquisite. [CFP]

indigenous tea, a variation of the Chinese plant, was already growing in Assam. Since the Chinese seedlings did not survive in the Assamese climate, it was decided that the Indian leaf should be grown instead.

In 1835, when Darjeeling was transferred to the East India Company, it was found that the Chinese seeds were suitable for growing in that area. Commercial plantation started in the 1850s. The success of Assam and Darjeeling was soon followed by tea cultivation across the foothills of the Himalayas and in other parts of India. Tea production continued to flourish after 1947, and it is now grown in many regions of India.

Across the two countries, people go about their lives, each with their own problems, joys, trials and tribulations - finding themselves relaxed and invigorated at every step by this wonderful brew. 🍵

The author, who has lived in China, is a research fellow of the Institute of Chinese Studies in New Delhi. Her book of poetry, Dancing on a Moonbeam, was followed by China: A Search for its Soul and China: Confucius in the Shadows.



I Learned to Headstand in India: Wu's Journey to the West

Wu Sumei

Jiangsu People's Press
September 2012

Like China, India is a country with a vast area, a massive population and diverse cultures. However, many Chinese people hardly know anything about their neighbor. Freelance writer Wu Sumei traveled throughout South Asia for two years, alone. While in India, she experienced the lives of everyday Indian people, visited many sacred religious places and learned about Zen Buddhism and Yoga. In her book *I Learned to Headstand in India: Wu's Journey to the West*, Wu vividly captures the things she saw and experienced, including instruction in Zen Buddhism and Yoga. Her book helps introduce the real India to Chinese people – a country that is interesting, beautiful and welcoming. The following paragraphs are excerpted from the book.

Old Goa is the most beautiful and the cleanest area in the state. It was once the capital of the Portuguese colony and was built to imitate Lisbon. A severe plague in the 16th Century left it a ghost town. What was once a city of two hundred thousand is now a community of hollow and beautiful churches, of which the most magnificent is the Baroco style Basilica of Bom Jesus built 400 years ago.

This church is renowned as one of the best examples of Baroque architecture in India and for housing the remains of renowned missionary St. Francis Xavier.

Old Goa is gentle and glorious. I once sat on a bench at the square in front of the Basilica of Bom Jesus for an entire

Upside Down in India Wu's Headstands in the West

By Wu Sumei

afternoon, wondering whether I was really in India. The lawn looked like a green carpet and the Delonix regia was as red and brilliant as fire. And yet the fresh air was wet due to a downpour the previous night.

Those who call India dirty have not seen the real India. Talking like that is meant to make themselves feel superior. In their eyes, the city of Varanasi is the dirtiest place in

Hawa Mahal is a palace in Jaipur which is essentially a high screen wall. A total of 953 small and delicate windows dot the orange building like a honeycomb. [CFP]



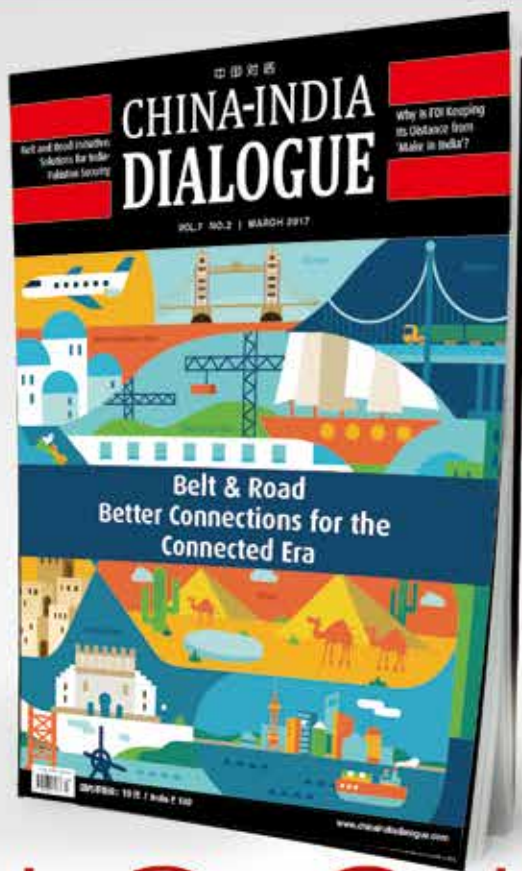
India. I would be angered at someone laughing at pictures of corpses in the Ganges River. This is prejudice against another civilization.

Chinese visitors tend to choose routes through northern India and places like Varanasi, Delhi, Agra and Jaipur. They will also visit Amritsar and Calcutta if time permits. Those cities are still all in northern India. Those who only visit these places may conclude that the whole country is like that.

However, many places in Southern India are elegant and graceful, like the former Dutch colony Cochin, former French colony Pondicherry, former Portuguese colony Goa and many others. Acknowledging the damage colonists wrought on this country, I was drawn to sophisticated architecture left by Europeans. India is tolerant and generous. I've hardly met a single Indian who resents British colonization. The sentiment is quite the opposite: Thanks to the immense success of the Satyagraha Movement led by Gandhi and the reparative attitude of the British people, India and Britain have now reached a sort of subtle harmony.

Today, India is certainly a top exporter of "value" globally. In a broad sense, there are only two religions on the planet, Judaism and Hinduism. Islam and Christianity are offshoots of Judaism, while Buddhism, Jainism, and Sikhism are branches of Hinduism. I once heard an experienced traveler say that "Israel and India will survive the Earth's ruin."

I agree with her. 66



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