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# CHINA-INDIA DIALOGUE

Is the China-Pakistan  
Economic Corridor a  
Threat to India?

What Are India's  
Concerns about the  
BCIM Economic Corridor?

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## The Belt and Road— Significant for South Asia



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## Indian Border Troops Overstepped China-India Boundary at Sikkim Section

Since mid-June, Indian troops have crossed the border with China in an attempt to block a road construction in Donglang (Doklam) area by the Chinese side. This is the first time that Indian troops have infringed on the settled boundary between two countries, and it caused a dangerous standoff between two armies.

On June 26, China's Ministry of National Defense and Ministry of Foreign Affairs responded to media questions about the border confrontation. In fact, the Ministry of Foreign Affairs provided information on the incident for five consecutive days.

According to China, the road construction in Donglang (Doklam) area is a sovereign act within its own territory, and India has no right to interfere. The unilateral provocation by Indian troops has violated consensus and relevant agreements on border issues signed by Chinese and Indian governments. China is committed to developing bilateral relations with India, but it will also firmly defend its legitimate rights and interests. China requires India to respect the boundary convention and China's territorial sovereignty and demands that it immediately withdraw border troops that have crossed into Chinese territory.

On June 30, India's Ministry of External Affairs released a statement after nearly a week-long silence, saying that the road construction was "inside" Bhutanese territory and that Bhutan had "urged a return to the status quo as before 16 June 2017." The statement reads: "In keeping with their tradition of maintaining close consultation on matters of mutual interest, RGOB and the Government of India have been in continuous contact through the unfolding of these developments... In

coordination with the RGOB, Indian personnel, who were present at general area Doka La, approached the Chinese construction party and urged them to desist from changing the status quo. These efforts continue." The statement also explained Indian troops' action: "Such construction would represent a significant change of status quo with serious security implications for India."

The Sikkim section of the China-India boundary was defined by the *Convention Between Great Britain and China Relating to Sikkim and Tibet* in 1890. The Indian government has repeatedly confirmed that agreement in written forms since India's independence, recognizing that it concurs with China on the boundary alignment at the Sikkim section. Moreover, China has held 24 rounds of talks on boundary issues with Bhutan since the 1980s. Although the boundary between those two countries has yet to be settled, both sides have reached basic consensus on the actual situation and the alignment of the boundary. China and Bhutan have no disagreement on the point that the Donglang (Doklam) area belongs to China.

## Exhibition of Pictures of Dr. Dwarkanath Kotnis Held in India

On May 4, an exhibition of pictures of Dr. Dwarkanath Kotnis was held in Delhi. This year marks the 75th anniversary of the doctor's death. The exhibition displayed many handwritten letters, pictures of him and precious profiles of his great support to the Chinese People's War of Resistance Against Japanese Aggression. Dr. Dwarkanath Kotnis, who came to China in 1938 as a member of an Indian medical aid team, is well remembered in China for his selflessness and untiring support for the Chinese people. He died of illness in China in 1942 at the age of 32.

## Indian Association for Overseas Chinese Established in New Delhi

On May 19, the Indian Association for Overseas Chinese was founded in New Delhi. Qiu Kaiyong, a renowned Chinese expatriate in India and the head of an overseas Chinese group there, became the first chairperson of the association. Nineteen representatives of overseas Chinese from all over India, including New Delhi, Kolkata, Mumbai and Bangalore, became members of the council. Qiu said that the association would boost Chinese-language education in India and help the Chinese in India

adapt to and become part of Indian society, thus promoting China-India relations.



## Hundreds of Indians Donate Blood in Shanghai

Under the theme "Love Shanghai, the Life Gift from India", the fifth Indian blood donation drive attracted nearly two hundred Indian nationals to donate blood at the Shanghai Blood Center on May 28, who donated 216 bags of blood. This is an annual activity held ahead of June 14, World Blood Donor Day, with the purpose of promoting friendship between Chinese and Indian people. The annual activity was first held in 2013, and has seen a growing number of Indian blood donors. It is also attended by Indians living in cities adjoining Shanghai. Over 556 Indians have donated 744 bags of blood.

## Dangal, the largest Indian Box Office Hit in China

The Indian film *Dangal*, starring Aamir Khan, has won great popularity in China with box office sales of over 1 billion yuan, the largest ever box office earnings for an Indian film. First released on May 5, the movie has been appreciated by Chinese fans due to its excellent content and production. *Dangal's* box office revenue in China has surpassed that of its home country, making China its largest overseas audience.

## India and Pakistan Become Full Members of SCO

The 17th Shanghai Cooperation Organization (SCO) summit was held in Astana on June 9. During the summit, India and Pakistan were granted full membership of the organization. Founded in 2001, the SCO now counts China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Uzbekistan, India and Pakistan as its full members.

The expansion of the SCO carried historic significance as India and Pakistan became full members of the bloc, SCO leaders said.

Granting India and Pakistan membership of the SCO will boost the organization's development and potential, according to a joint press communiqué released after the summit.

## BRICS Film Festival Held in China

The second BRICS Film Festival was held in Chengdu, capital of southwestern China's Sichuan Province, from June 23 to 27, with filmmakers and government delegates from all five BRICS member states attending the event. *Where Has Time Gone?*, jointly shot by directors from the five countries, debuted at the festival. A total of 33 movies from the five countries were shown in movie theaters in Chengdu over 200 times, attracting a great number of fans. A National Film Day was held, with the theme of "One Day, One Nation, One Movie Culture", in an attempt to showcase the film culture of each participating country. The next BRICS Film Festival is scheduled to be held in South Africa in 2018.

# Belt and Road Sharing Opportunities

By Liu Jinsong



The Belt and Road Initiative and CPEC aim at promoting economic cooperation and connectivity. They are not related to, nor do they affect sovereignty disputes. China's position on the Kashmir issue has not changed either.

President Xi Jinping hosted the Belt and Road Forum for International Cooperation from May 14 to 15 in Beijing. Leaders from 29 countries and the UN Secretary-General attended the Forum. In addition, delegates of various social sectors from more than 130 countries and over 70 international organizations participated in related meetings under the framework of this Forum. This Forum featured cooperation and win-win results. Delegates reviewed past achievements and chartered the future course to

realize an early harvest of the Belt and Road Initiative (BRI). The event ushered in a new stage and left a deep mark in history.

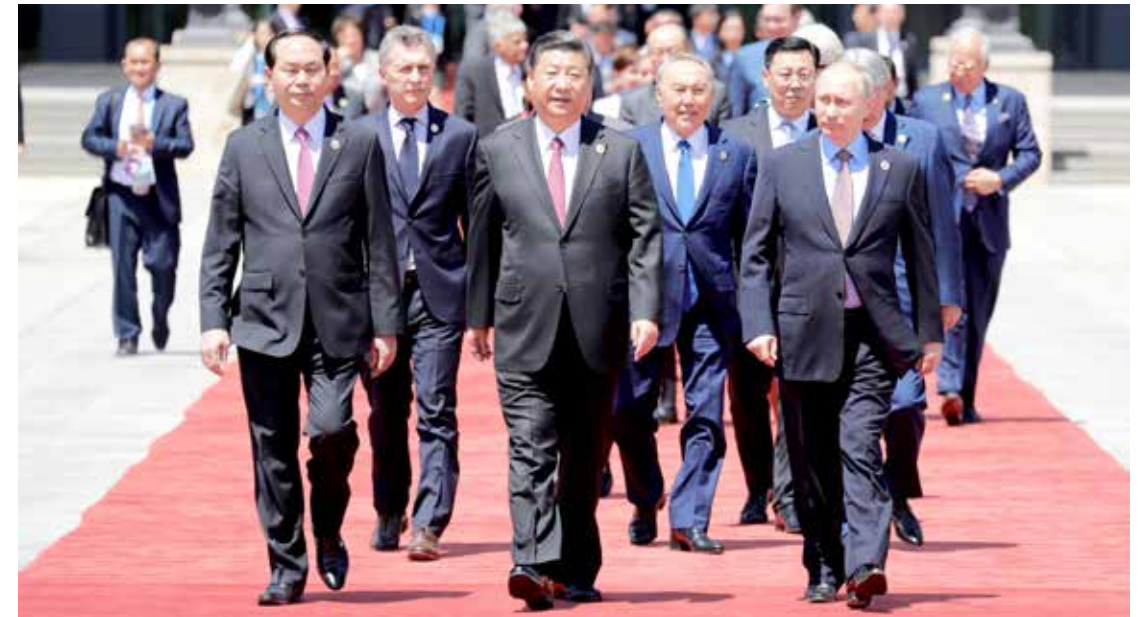
I have noticed recently that Indian media, scholars and think tanks have paid more attention to the Initiative, and have also had some debates. The core questions they raise are: whether India should join the BRI, and whether it is good or bad for India.

First of all, from a historical and cultural perspective, India has always been on the Belt and Road.

Monk Xuanzang is well known in both India and

China. He set out from the Chang'an City of China, went through the Xinjiang region of China, Central Asia, Afghanistan, Kashmir and finally reached Nalanda University. Xuanzang stayed and studied in India for 17 years, traveled across India and returned along the Silk Road to China.

Xuanzang wrote a book titled *Report of the Regions West of Great Tang*, which gives a precise depiction of local conditions, customs and religious environments of dozens of kingdoms in the Indian subcontinent. The book is incredibly accurate. Xuanzang contributed greatly



May 15, 2017: Chinese President Xi Jinping and foreign leaders exit the Yanqi Lake International Convention and Exhibition Center after the first meeting of the Leaders' Roundtable Summit at the Belt and Road Forum for International Cooperation. by Xu Xun

to today's reconstruction of Indian history and the study of the ancient Silk Road.

A hundred years before Xuanzang, the guru Bodhidharma from southern India came to China along the Maritime Silk Road. He developed Chinese Zen Buddhism and played an important role in the flourishing of Buddhism in China. The Shaolin Temple, where he worked as an abbot, is well-known among Indian friends for being the cradle of Chinese Kungfu.

Over 600 years ago, the Chinese envoy of the Ming Dynasty (1368-1644), Zheng He, led expedition fleets to the West seven times and berthed in Kerala Calicut State's six times. In nearby Cochin, local people are still building and using fishing nets learned from Zheng He and his fleet. These Chinese

fishing nets are not only a means of livelihood for local people, but have become landmark tourism attractions.

Buffalo, cotton, spinach, Buddhism, Gandhara arts, Indian astronomy, medicine and science were spread to countries along the ancient Silk Road, including China. Similarly, China's silk, porcelain, peaches, pears, tea, art of printing, gunpowder and paper vastly enriched Indian people's lives and changed India's economic and social history.

In the more than ten centuries before the Western colonists invaded India and China, Chinese, Indian and Arab merchant ships were navigating intensively between the South China Sea, the East China Sea and the Indian Ocean and a huge flow of people, information and trade occurred with

the help of monsoons. This was the prelude to today's globalization. China and India are the pioneers of economic globalization.

Today's BRI stretches in two directions—the land and the sea, roughly similar to the ancient Silk Road network. The Initiative is the inheritance and upgrade of the ancient Silk Road, as well as the revival of the ancient Silk Road and Asia. Both India and China are the major founders of, and contributors to, the ancient Silk Road, and forged the Silk Road spirit of peaceful cooperation, openness and inclusiveness, mutual learning, mutual benefit and win-win results. The two countries should resume their common efforts and continue to work to revive the Silk Road.

Second, from the perspective of reality, India has already been closely

linked to the BRI.

Before the Initiative was put forward, China, India and other countries had reached consensus on the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor, established inter-governmental cooperation mechanisms and held a series of meetings. The BCIM Economic Corridor is listed as one of the six land economic corridors of the BRI.

In 2013, President Xi Jinping proposed the BRI as well as the Asian Infrastructure Investment Bank (AIIB), which aims to provide financial support for infrastructure construction in the countries along the routes of the BRI. India gave a positive response to China's proposal and held the second round of negotiation working group meetings in Mumbai. India contributed US\$8 billion and became the second largest shareholder at the AIIB.

The unanimous adoption

of Resolution 2344 on Afghanistan issues by the UN Security Council in March 2017 called for consensus on assisting Afghanistan and strengthening regional economic cooperation through the BRI. The resolution urged all parties to provide security safeguards for the Initiative, strengthen the synergy of development strategies and push forward the cooperation on connectivity. The UN Economic and Social Commission for Asia and the Pacific and the UN Development Programme both signed cooperation agreements with China on the BRI.

China is strongly pushing for the integration of development strategies between the BRI and the Shanghai Cooperation Organization (SCO) and its member states. India has become an official member state of the SCO. It has thus been bound by the

obligations of documents and treaties and will contribute to the development of the SCO in the future. China welcomes and congratulates India's membership. The *Joint Communiqué of Meeting of Council of Heads of SCO Members* indicated that "the leaders reiterated their support to the initiative of the Silk Road Economic Belt and agreed to continue the efforts to implement the initiative as one of the approach of creating advantage for regional economic cooperation".

Third, the BRI does not refer to just one "Belt" or one "Road"; it is a network of regional cooperation and a systematic project of global significance.

The Belt and Road Initiative is a general term for the Silk Road Economic Belt and the 21st-Century Maritime Silk Road, which were announced by Chinese President Xi Jinping during his visits to Kazakhstan and Indonesia in 2013.

This magnificent Initiative may be briefly summarized from number "1" to number "8".

1: Jointly build one community of shared interests, development, responsibility and destiny. The community will be different from the European Union (EU) which is characterized by a transfer of sovereignty and high-level institutionalization; instead, it is based on respect for sovereignty of countries, upholds the principles of openness, equality and a step-by-step approach, and accommodates each other's

## The idea of the Belt and Road Initiative is a well-perceived initiative of lasting importance based on many years of practice.

comfort level, in order to achieve regional integration, lasting peace, and prosperity.

2: Take the Asian and European continents and their adjacent seas as the core, the land and the sea as the two wings, and plug two wings for the Asian "Garuda".

3: The Initiative should be jointly built through consultation to meet the interests of all. It was initiated by China, but will not be monopolized by China. The relationship of China and other countries concerned is not that between donor and recipient. It is different from the Marshall Plan in nature.

4: The Initiative will have a direct influence on 4 billion people in Eurasia. So far, the Initiative has been supported by over 100 countries and international organizations, including developing countries such as Mongolia, Nepal and Malaysia, as well as developed ones such as the UK, Germany and France.

5: Promoting policy coordination, infrastructure connectivity, unimpeded trade, financial integration and people-to-people bonds which are the five major goals of the BRI.

6: The Initiative will focus

on developing six economic corridors: the new Eurasian Land Bridge, and the China-Mongolia-Russia, China-Central Asia-West Asia, China-Pakistan, Bangladesh-China-India-Myanmar and China-Indochina Peninsula economic corridors.

7: The Initiative mainly covers seven plates: Northeast Asia, Southeast Asia, South Asia, Central Asia, West Asia and North Africa, Russia and Europe, and other areas. The Initiative is open to all sharing similar goals. It mainly focuses on the Eurasian continent, yet is not limited to the area of the ancient Silk Road and Eurasian countries.

8: Infrastructure connectivity, industrialization, exploration of energy sources, economic and trade cooperation, financial cooperation, cultural exchange, eco-environmental protection and maritime cooperation are eight priority areas for implementing the Initiative.

Fourth, the idea of the BRI is not something coming out of the blue. It is a well-perceived initiative of lasting importance based on many years of practice. It will not only benefit China, but also countries along the routes.

After the Cold War, Asian regional cooperation and inter-regional cooperation began to take off, forging new mechanisms such as the Asia-Pacific Economic Cooperation (APEC), the Asia-Europe Meeting (ASEM), China-Japan-ROK, East Asia Cooperation and the Shanghai Cooperation Organization. These mechanisms have played their respective roles and are complementary to

each other. However, they are compartmentalized and fragmented and regional countries have always been yearning for large-scale and in-depth cooperation across Europe, Asia and Africa by connecting all kinds of regional cooperation mechanisms. The BRI meets this need.

For a long time, the eastern and western wings of the Eurasian continent have been rich, and the coastal areas of countries are also relatively richer. This is the result of colonial rule by the West and in line with economic rules. This has caused the economic "cave-in" of the interior of the Eurasian continent and the inland areas of countries. Regional economic imbalance is thus created and worsened. How can one bring the advantages of the inland areas, optimize the distribution of economic elements and fundamentally solve problems like poverty and extremism in Asia? The BRI is no doubt a useful attempt.

Asia is rich in savings and strong in demand for investment. At the same time, Asia faces a financing gap in infrastructure construction, which amounts to US\$1.7 trillion per year. However, the financing resources available from the treasuries of regional countries and multilateral financial institutions can meet less than 15 percent of the demand. The BRI and the associated AIIB and the Silk Road Fund are attempts to foster new demand by providing effective supply, accelerating infrastructure building, and turning savings

May 20, 2017: An Indian student (left) paints Mehendi on the hand of a Chinese student during the JSU 2017 International Culture Festival held in Jiangsu University. [IC]



into effective investment. In this way, new driving forces for economic growth can be formed and the world economy can be rebalanced.

To get rich, you need roads and bridges. There have been connectivity projects across Eurasia for decades, but there are still a lot of unfinished roads and institutional hindrances to cross-border transportation. For example, China and India, each with over 1.3 billion people, are still not connected by railways. The Stilwell Road, built during World War II, does not play its intended role. There are only around 40 direct flights between the two countries each week, considerably less than the 1,000 direct flights per week between China and South Korea. New Delhi and Islamabad are not far apart, but it is more expensive to transport containers by land between the two cities than from Mumbai to London by sea, and takes almost the same time. The BRI takes connectivity as its priority, and aims at speeding up connectivity of transportation networks by land, sea and air, as well as that of pipelines, power grids, telecommunication, satellites and the internet within Eurasia and with other regions to reduce transaction and personnel exchange costs, so that products from the inland areas can sell at a good price and children from the countryside can have better access to quality education, medical services and internet connections.

China is not just talking the

talk in promoting the BRI, but takes its commitments seriously and puts in a lot of real work. China's direct investment in countries along the BRI routes exceeds US\$50 billion, and a number of landmark projects have been launched. In 2016, China's trade in goods with countries along the BRI routes was nearly US\$1 trillion, and its growth rate overtook that of China's overall foreign trade. Chinese businesses have established 56 economic and trade cooperation zones in over 20 countries along the routes, with a total investment of over US\$1.5 billion, contributing almost US\$1.1 billion in tax revenue and 180,000 jobs to the host countries.

China contributed nearly US\$30 billion of founding capital of the AIIB, US\$40 billion to the Silk Road Fund and US\$41 billion to the BRICS New Development Bank. China is putting in solid money and the projects in which it has invested have yielded concrete benefits to people in the countries concerned.

Fifth, the BRI doesn't affect India's territorial and sovereignty interests and will benefit South Asian countries, including India, in the long run.

Some Indian friends say that they are not against the Initiative and they support connectivity, but as the China-Pakistan Economic Corridor (CPEC) passes through the northern Kashmir, the Indian side has serious concerns over related territorial sovereignty issues.

My point is, if this is the only reason that affects Indian friends' will to join the BRI, this concern could be resolved.

Reason 1: Transportation is the basis of the CPEC, and the connectivity between China and Pakistan will unavoidably pass through the Kashmir area on the Pakistan side. It's known to all that such transportation could not detour through India or Afghanistan.

Reason 2: the Karakorum-Kunlun Road between China and Pakistan was built in the 1960s and put into use in the 1980s. Therefore, it's no fresh news for India that China-Pakistan transportation connections and related cooperation pass through the Kashmir region.

Reason 3: China has no intention of interfering in the territorial and sovereignty disputes between India and its neighbors. The BRI and the CPEC aim at promoting economic cooperation and connectivity. They are not related to nor do they affect sovereignty disputes. China's position on the Kashmir issue has not changed either.

I sincerely hope that Indian friends carefully study the *Agreement between the Government of the People's Republic of China and the Government of Pakistan on the Boundary between China's Xinjiang and the Contiguous Areas the Defense of Which Is Under the Actual Control of Pakistan* signed in 1963. The title and content of this Agreement have fully accommodated India's concerns.

Article 6 of this Agreement reads as follows: The two Parties have agreed that after the settlement of the Kashmir dispute between Pakistan and India, the sovereign authority concerned will reopen negotiations with the Government of the People's Republic of China, on the boundary as described in Article Two of the present Agreement, so as to sign a formal Boundary Treaty to replace the present agreement...

Reason 4: The CPEC is an economic project focusing on development and prioritizing energy and transportation infrastructure, which is the dire need of Pakistani people. Currently, the 18 early harvest projects are progressing smoothly and have so far created 13,000 jobs for local people. Pakistani people would be lifted out of poverty and power shortages, and enjoy a more open and better life. The CPEC serves the common interests of regional countries to address both the symptoms and root causes of terrorism and extremism. This is also India's expectation, isn't it?

Reason 5: The CPEC is open, transparent, market-driven and international, in compliance with economic logic and legal procedures. Some friends have already suggested that the CPEC could extend to India in the future, and the BCIM Economic Corridor could be connected with India's North-South Transport Corridor.

Sixth, China and India may well cooperate on the BRI related areas and jointly build

an "Asian Age".

China and India have established a strategic partnership for peace and prosperity and a closer developmental partnership. China always adheres to the Five Principles of Peaceful Coexistence, and respects the reasonable concerns and interests of the Indian side. India plays an important role in the process of global multi-polarization, and China welcomes India to play a bigger and more constructive role in regional as well as global affairs. The sky and oceans of Asia are big enough for the dragon and the elephant to dance together, which will bring about a true Asian Age.

The BRI focuses on development, aims for global multi-polarity and democracy by multilateralism, regionalism instead of alignment and spheres of influence. This concept is in line with Indian diplomacy.

In today's world where anti-globalization, protectionism and isolationism are on the rise, the BRI could serve as the new force for openness,

cooperation and free trade. It is a typical model of the sharing economy, which could help India integrate further into the global industrial and value chain.

India is promoting "Act East", "Think West", the "Sagarmala Project", "Diamond Quadrilateral" and the "North South Transport Corridor", all of which have connectivity as the core. If those policies could be connected with the BRI, they would certainly achieve the effect of "one plus one equals more than two".

India has lot of remarkable tourism resources, and many of them are related to Buddhism and the Maritime Silk Road. Experts and businessmen suggest that if China and India had jointly developed quality tourist routes and built on infrastructure and promotion, the number of Chinese tourists to India would be more than two hundred thousand as of now, or even more than two million, since the number of China's outbound tourists was 120 million last year. On average,



New Delhi and Islamabad are not far apart, but it is more expensive to transport containers by land between the two cities than from Mumbai to London by sea, and takes almost the same time.

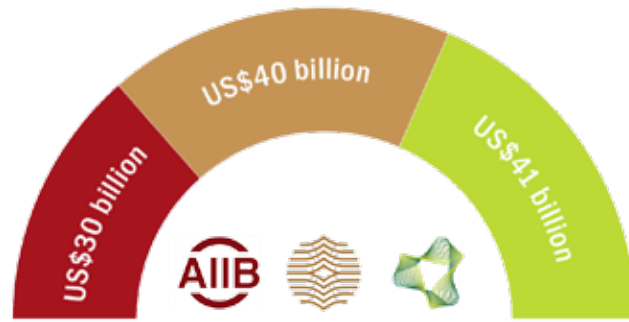
a Chinese tourist spends US\$2,300 overseas, and that would be a huge benefit of Silk Road tourism for India.

Both China and India are actively participating in the new round of global industrialization and developing the new manufacturing industry. An important part of the BRI is industrial capacity cooperation, which includes financial support measures. China has also established many investment funds with Central and West Asian countries. Chinese banks successfully issued the Initiative bonds in some countries to finance key projects.

Chinese companies have supported and participated in the “Make in India” program with a total investment of US\$5 billion so far. But there is much to explore, considering the amount with other countries as well as investment potential between China and India. If India joined the BRI, it would be a huge boost for our capacity investment and financial cooperation, and there would be more and better solutions for trade deficit, which is one of India’s concerns.

India has its own “Project Mausam” and “Spice Route”, which could complement the Silk Road. China is willing to study and participate in how the projects could integrate with the BRI, and enhance the people-to-people exchange between China and India as well as countries along the routes.

India is an important partner of the Initiative. It



China contributes nearly US\$30 billion of founding capital of the AIIB, US\$40 billion to the Silk Road Fund and US\$41 billion to the BRICS New Development Bank.

always was, remains so and will be so in the future. I used to be in charge of BRI affairs in the Ministry of Foreign Affairs. When the idea of the Initiative was initially put forward and before the *Vision and Actions on Jointly Building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road* was released, the Chinese side briefed the Indian side thoroughly through diplomatic channels. Through high-level dialogue, diplomatic consultations and academic discussions, the Chinese side introduced to the Indian side the origin, content and influence of the Initiative. Without hesitation, the Chinese side sincerely invited the Indian side to join many BRI forums in the first place, including the Forum held in May.

India is a country with distinctive character and China always respects India’s independent diplomatic choices. China is willing to discuss all problems and possibilities with India on the basis of mutual benefits. In May 2015, President Xi conveyed to Prime Minister Modi that the two sides can enhance communications

on the BRI, the AIIB, and other cooperation initiatives, as well as India’s Act East policy, find out where their interests converge, synergize each other’s policies, discuss mutually beneficial cooperation models, and enhance common development. The two countries need to link their development strategies even more closely and be complementary with their economies on a higher level. As the double engines for regional and global economic growth, the two countries need to work together to push forward regional integration and contribute to the global economy. Prime Minister Modi also said that India and China are providing support and assistance to South Asian countries. China proposed the BRI, and India also values connectivity in South Asia, which would facilitate regional development and prosperity. In this regard, India would like to strengthen cooperation with China in the field. ■

The author is Minister of the Embassy of P.R. China in India.

## Belt and Road

# India’s Reluctance Could Be to Its Detriment

By Pravin Sawhney



Geo-economics are expected to strongly impact geo-politics with the Belt and Road Initiative, and it might be time for India to adopt a more accommodating stance towards it.

The Belt and Road Forum for International Cooperation (BRF) was held in Beijing on May 14-15, under the chairmanship of President Xi Jinping. With its successful conclusion, China has acquired global endorsement for more exclusive spheres of influence, across Eurasia and the western Pacific and Indian Ocean waters. A novel concept in which geo-economics drives geo-politics, the Belt and Road Initiative

January 12, 2017: Khanderi, India’s second Scorpene-class stealth submarine, is launched in Mumbai. This indigenously built submarine is expected to be commissioned into the India Navy by the end of this year. [IC]



(BRI) comprises the Silk Road Economic Belt and the 21st-Century Maritime Silk Road.

Attended by the heads of 20 governments and institutions like the United Nations, the World Bank Group and the International Monetary Fund, the BRF released a joint communiqué accepting the BRI as an umbrella under which all present and future bilateral, triangular, regional and multilateral cooperation mechanisms for trade, investment and infrastructure-building can be accommodated. These include the China-Pakistan Economic Corridor (CPEC), the China-Central Asia-West Asia Economic Corridor, the China-Mongolia-Russia Economic Corridor, the Bangladesh-China-India-Myanmar Economic Corridor, the Shanghai Cooperation Organization, ASEAN, the Eurasian Economic Union, the Regional Comprehensive Economic Partnership, and

even the European Union. It also suggested cooperation with Africa and South America.

Signaling China's leadership of the BRI, Xi promised an additional US\$124 billion for the Initiative. He also announced that the next forum would be held in 2019.

Ties between China and Russia, which have grown steadily since the 1990s, were finally sealed into a genuine strategic partnership. Russian President Vladimir Putin was the second keynote speaker after Xi; he sat next to Xi during the round table meetings, and both stood side-by-side for a photograph of the attending heads of government. Putin confirmed that Russia will be a part of the BRI.

Critics sought to pick holes in the BRI by pointing out its shortcomings. India, the only notable absentee from the forum, had two objections to the BRI. India's stated reason

for rejecting the Chinese invitation to the forum was Beijing's insensitivity to its sovereignty. The CPEC, which is a flagship project of the BRI, passes through Pakistan-occupied Kashmir, which India claims belongs to India. The unstated reason is that Prime Minister Narendra Modi's government cannot accept the BRI as the only game in town. Former Indian ambassador to China, Ashok Kantha, said that India could not "emerge as a junior partner in a grand Chinese enterprise."

Given the unfriendly attitude towards the BRI, Indian analysts, while prognosticating on everything that could go wrong with the Initiative, have advised the government to respond with its own connectivity and infrastructure projects under the Act East policy for geopolitical gains. For Indian policymakers, it should be BRI versus Act East, even if India is unable to grow in double digits every year.

Keen to get India's Act East policy and its other trans-national connectivity projects in sync with the BRI, China has responded to India's sovereignty sensitivity with a novel suggestion. Speaking at an Indian defense think-tank on May 5, China's ambassador to India, Luo Zhaohui, said that the CPEC was not an infringement on India's sovereignty but a project meant to bring economic development and prosperity to the region. To assuage Indian concerns, he felt that China could re-name the CPEC the China-Pakistan-

India Economic Corridor or the South Asia Economic Corridor.

On the issue of whether the BRI is the only game in town, the reality is that, given its scope, it is indeed so. Comparing the BRI with the Act East policy is akin to comparing chalk and cheese. The leading figures behind the Act East policy, which was re-christened so by Prime Minister Modi within a few weeks of assuming office in May 2014, have said that it is different from the earlier Look East policy in two ways. One, it is more hard-wired for connectivity well beyond the South China Sea, to include Japan and South Korea. And two, it is also meant to deepen defense and security ties with friendly nations in the Far East, something which was not there in the earlier policy.

The reality is different. China has a robust, indigenous defense-industrial complex and the number one warship-building capability in Asia. It is the world's biggest trading nation and it is the second biggest economy after the U.S.; it has over US\$3 trillion in international reserves. By 2020, it is predicted to have US\$1 trillion annual trade with ASEAN; and the Sino-U.S. economic relationship is today the world's most important, with combined annual trade adding up to US\$600 billion and investment in each other's economies totaling around US\$350 billion.

On the other hand, India's ship-building industry is not as developed. Except for the hull of the warships, most

critical assemblies, propulsion and weapon systems are procured from abroad. Given the state of the indigenous defense industry and the finite annual defense allocations, the Indian Navy has limited capabilities and capacity. Since the Indian Navy's resources are not sufficient for its own primary task of war-fighting for territorial defense, it is difficult to understand how India could contribute to out-of-area operations against China. Peacetime naval diplomacy, humanitarian relief missions, and tactical exercises do not automatically translate into joint patrols with friendly powers.

What are India's constructive options regarding the BRI? It has plenty. It should, to begin with, stop viewing China as its rival in Asia; instead it should seek, as the Chinese say, win-win situations. Next, it should review its China policy — as the U.S. and Japan are doing — to find out how its own Act East policy can be harmonized — without outright commitment to the BRI — with Chinese infrastructure projects, for mutual gains. A good beginning could be made by upgrading the Bangladesh-China-India-Myanmar (BCIM) economic corridor dialogue from Track-I (official diplomacy) to the inter-governmental level.

Moreover, India should consider the Chinese proposal of a Free Trade Agreement. Since India has made a strong case for Chinese investments, under the "Make in India"

infrastructure development plan, it should review the projects that, given the security concerns, could be carried out with Chinese companies.

Once this happens, there will be numerous opportunities at the political, commercial and infrastructure level for bilateral benefits. One example could be movement on the resolution of the boundary question. Moreover, taking cues from the BRI, India should build its military power and bring the military into the ambit of policy-making. After all, if India genuinely desires strategic reach through its Act East policy, it should be able to protect its people, assets and interests abroad with a strong and capable military.

Even while India remains opposed to becoming a part of the BRI, it should not reject participation in the BRI forum in 2019. This would give India a first-hand assessment of China's upward trajectory. In the larger sense, India's relations with Russia, its traditional strategic, energy and defense partner, will not be strained, and there could be a possibility of less hostile relations between India and Pakistan. Meanwhile, instead of focusing on perception management for domestic political gains, India should strive to make its Act East policy a wholesome one. 

February 13, 2017: A mobile crane carries a container at Thar Dry Port in Sanand in the western state of Gujarat, India. [VCG]





# It's High Time for China and India to Rebuild Climate Cooperation

By Zeng Xianglai

There are solid foundations and great potential opportunities for China and India to make joint efforts to rebuild climate cooperation under the *Paris Agreement*.

By now, climate change is far more than a scientific concept, but a worldwide, wide-ranging, comprehensive and complicated issue, and one can hardly find anything or any party completely irrelative. Therefore, it's been gathering more and more attention and emphasis from various countries and multilateral cooperation mechanisms.

The global climate governance is mainly guided and coordinated by the United Nations Framework Convention on Climate Change (UNFCCC) and its legal instruments, such as *Kyoto Protocol*, which will be valid till 2020. As the successive instrument, the *Paris Agreement* entered into

force in November 2016.

As two largest emerging Asian economies and two of the largest Green House Gas (GHG) emitters, China and India share quite a few similarities in the perspective of national circumstances, which drove the two countries to echo each other's climate stances and jointly safeguard the UNFCCC principles in favor of developing countries.

Unfortunately, the climate coalition weakened due to the dynamic situation of climate negotiations. However, U.S. President Donald Trump's reckless withdrawal from the *Paris Agreement* created shock and frustration across the world, which also created great potential for China and India to rebuild climate cooperation and jointly take

leading roles in climate governance under the *Paris Agreement*.

## CHINA AND INDIA CLIMATE COALITION – THE PILLAR TO SAFEGUARD UNFCCC PRINCIPLES

To guarantee the interests of developing countries and encourage their participation in global climate action, UNFCCC set a series of guiding principles such as Common but Differentiated Responsibilities (CBDR) and Respective Capabilities (RC). *Kyoto Protocol*, the first legal instrument of UNFCCC, faithfully reflected these principles by differentiating the member countries as Annex I Parties and non-Annex I Parties and stipulated their respective rights and obligations.

Nevertheless, since the Copenhagen UNFCCC Conference of Parties (COP) in 2009, with the expansion and deterioration of global economic crisis, developed countries had been discontented with the bisection method of *Kyoto Protocol*, and kept challenging the UNFCCC principles to pressure the emerging economies to take the obligations of quantified mitigation and providing financial support, which was certainly objected to by most of the developing countries.

China and India, as the pillars of G77+China Group, resisted enormous pressure from the Umbrella Group headed by the U.S., since many developing countries cannot afford to offend developed countries.

China and India have been confronted with similar situations, problems and pressures. On the bilateral level, in 2009 and 2010, China and India signed agreements of cooperation in dealing with

climate change and MOUs of Green Technology Cooperation. There were also institutional ministerial level coordinating meetings within the BASIC (Brazil, South Africa, India and China) group right before the annual COPs. On these occasions, China and India could discuss and coordinate their climate positions sufficiently. During the COPs, the heads of Chinese and Indian delegations frequently and publicly echoed each other and accused developed countries of shunning their liabilities.

## THE DILUTION OF CHINA-INDIA CLIMATE COALITION

It's regretful to observe the honeymoon gradually turn lukewarm with the dynamic situation of international climate negotiation. It was precluded by the divergence within the BASIC group as Brazil and South Africa apparently adjusted their positions on taking mitigation obligation since the Durban

COP in 2011, while China showed growing confidence on voluntary mitigation, which increased doubts and worry on the Indian side. In 2015, when Chinese climate delegates and experts met for a meeting with their Indian counterparts before the Paris COP, the latter mildly turned down the invitation and showed anxiety about China's aggressive climate commitments.

Why did this happen?

As the modality of international climate negotiation adjusted, the lack of bilateral policy communication intensified India's worry that China would no longer toughly prioritize CBDR and that its climate stance is shifting towards developed countries. Meanwhile, India also worried that more ambitious mitigation and financial commitment by China objectively would mount the pressure on India and make India compromise much more on climate treaty.

The substantial factors that enlarged the divergence are as below:

A) The tactic of developed countries. During the Durban COP in 2011, a roadmap was drawn to reach a climate agreement with legal force and applicable to all. Developed countries narrowed down the target scope to the emerging economy emitters, especially China. Developed countries also shuffled original top-down negotiation modalities and transformed the conflicts between developed countries and developing countries into

October 21, 2009: China's chief climate change official, Xie Zhenhua (right, front), shakes hands with Indian Environment Minister Jairam Ramesh after signing an agreement during a joint workshop on action plan on climate change in New Delhi, India. [IC]



the conflicts between the big emitters and the climate vulnerable countries. At the same time, the EU leaders and then U.S. President Barack Obama actively lobbied and urged China to play a more positive role in dealing with global warming.

B) The Chinese government has been facing more pressure from the civil society than its Indian counterpart. Chinese public awareness of environmental protection has been rising quickly and significantly. Since GHG and air pollutants are from the same sources, in recent years, the Chinese public has become concerned about urban air pollution and the government's regulations on power plants and polluting factories.

C) The slowing down of China's economic growth remarkably improved mitigation capability. After

decades of rapid growth, the Chinese economy is experiencing a period of structural adjustment. The backward production capacity and high-emission industries are being phased out, which indicates that China can meet its emission peak around 2030 or even sooner. In the meantime, China has been stepping up its efforts in curbing emission and developing green energy industry with outstanding administrative efficiency.

D) Both China and India recognized that dealing with climate change could imply opportunities for transition to clean energy. To tap this potential, the Modi government transformed the Ministry of Environment and Forests into the Ministry of Environment, Forest and Climate Change and formulated a grand and ambitious blueprint to

develop clean energy. While China took a further step and set up a 20-billion-RMB South-South Climate Cooperation Fund, which may be perceived unacceptable by India, since as per the original interpretation of CBDR, only developed countries should take the obligation for providing climate financial support.

A noteworthy episode is the sudden rise of High Ambition Coalition (HAC) on the critical moment of the Paris COP. This move has been secretly brewed by some developed countries for months and mounted great pressure on China and India when they were raising dissent on some texts of the *Paris Agreement*. Ironically like coming out of nowhere, HAC disappeared like it never existed.

#### PARIS AGREEMENT: NEW CHALLENGES AND NEW OPPORTUNITIES

The *Paris Agreement* soothed the long-term stalemate between developed countries and developing countries. After the grand hail on the pass of the *Paris Agreement*, some experts calmly opined that it is a compromise between the two parties and the beginning of a long march. The accumulative mitigation target of the National Determined Contributions (NDCs) so far cannot meet the 2°C target, and many developing countries made mitigation commitment on sets of conditions. Meanwhile, some key rules and elements of the

*Paris Agreement* text, like financial support and technology transfer are still up in the air. The Marrakech COP in 2016 was expected to be a COP of implementation and action, since it was held right after the *Paris Agreement* came into force. To our disappointment but not to our surprise, it has made very limited progress.

To a large extent, the U.S. presidential election and the political situation in Europe cast a shadow on the Marrakech COP. When some U.S. delegates were nudged by their counterparts to explicitly explain their positions, they shrugged and looked frustrated, because they got no explicit instruction from the government.

On the one hand, the U.S., as the number one accumulative GHG emitter and one of the biggest climate patrons, withdrew from the *Paris Agreement*, and this is surely a big blow to the confidence and political mutual trust among the COP parties.

On the other hand, impacted by the Brexit and the sluggish economy growth, the EU influence and appeal to lead global climate cooperation is shrinking.

Even worse, the deep-rooted political mistrust between developing countries and developed countries was not settled properly and may resurface and block future climate talks.

Amid the challenges, a political vacuum is taking shape while the attitudes of China and India are becoming

much more crucial for the future of the *Paris Agreement*.

#### PATH FORWARD

Against the above backdrop, there are solid foundations and great potential opportunities for China and India to make joint efforts to rebuild climate cooperation under the *Paris Agreement* in the light of development.


The international climate governance is a great platform for emerging economies like China and India to lead and represent the G77+China Group and to promote the restructuring of the international climate regime dominated by developed countries when they are losing political willingness and capabilities.

Both Chinese and Indian leaders have reiterated their strong support for the *Paris Agreement* on major international occasions, while they also emphasised dealing with climate issues in a balanced way. On the opening ceremony of the Paris COP, Chinese President Xi Jinping said that climate change should not deny the legitimate needs of developing countries to reduce poverty and improve their people's living standards. Special needs of developing countries must be well attended to.

CBDR could still serve as the foundation for cooperation in the light of development. Both sides need to recognize that making voluntary commitment based on CBDR and RC will be helpful and not harmful. Developed countries should

keep on committing quantified emission cuts and shouldering more responsibilities to support developing countries for their efforts in addressing climate change.

To limit the risk of global temperature rise of 2°C or 1.5°C, green industry must be developed at scale and pace across advanced and emerging economies. There is great potential for China and India to supplement each other and cooperate on developing the green industry to realize national transition to green economy and provide essential support to other developing countries.

It's high time that China and India rebuild climate cooperation in an inclusive, innovative and coordinated manner and jointly contribute to the international climate governance and the global development of the green industry. One foreseeable obstacle is the lack of political trust caused by lack of political communication. It could be anticipated that climate cooperation will help create an overall harmonious atmosphere and serve as special leverage for the two countries in promoting political trust in other fields. The sooner the two countries realize this and make substantial efforts to increase efficient and effective policy communication and coordination, the better for the future of the global efforts to cope with climate change. 

## Donald Trump's reckless withdrawal from the *Paris Agreement* created shock and frustration in the world, which also created great potential for China and India to rebuild climate cooperation.

May 16, 2017: An Indian worker installs solar panels at a site in Greater Noida, some 45 kilometers east of the capital, New Delhi. [VCG]



# Can the Dragon and the Elephant Dance Together?

By Pankti Mehta Kadakia

If talks lead to constructive solutions, and the BRI can be somewhat altered to alleviate some of India's concerns, it could, in fact, bring India many benefits.

“The sky and the oceans of Asia are large enough for the dragon and the elephant to dance together...”

Minister Liu Jinsong, from the embassy of the People's Republic of China in India set this rather poetic tone to inaugurate a discussion on China's Belt and Road Initiative's implications for India, at a conference in Mumbai on April 21.

Conducted by the Observer Research Foundation, a public policy think tank, the conference gathered dignitaries from India and China to debate India's stance on the One Belt One Road (OBOR) project, which is now known as the Belt and Road Initiative (BRI). The conference came ahead of the



Since the “Made in India” Initiative was launched in 2014, Indian Prime Minister Narendra Modi has promoted it in various international arenas and endeavored to make India a global manufacturing and exporting hub. In this May 2015 photo, Modi speaks at a China-India Business Forum in Shanghai. In the speech, he noted that India will continue to improve the country's foreign investment policies to promote greater cooperation and joint development between China and India. [VCG]

global forum in May, where world leaders convened to discuss the way ahead.

The issue is multi-layered and complex; let's start with the basics.

First proposed by Chinese President Xi Jinping in 2013, the BRI is an ambitious plan to restore connectivity between the Pacific and Indian Oceans, and link China's coastline with Southeast Asia, the Gulf countries and the east coast of Africa.

In its current form, the BRI routes through more than 60 countries which experts say will impact two-thirds of the world's population, 55 percent of the global GDP and 75 percent of global energy reserves.

The BRI, with the

possibility of cutting through continents and oceans, has the potential to promote the integration of infrastructure and economic activity on an international level, and to an exceptional scale. If it comes into effect, it can bring about a remarkable evolution in the idea of globalization.

So far, so good. Here comes the 'but'.

India has declined to participate in the BRI, thus far. One of the Indian government's major concerns — which some experts agree are legitimate — is that one of the BRI's flagship projects, the China-Pakistan Economic Corridor (CPEC), passes through the disputed land of Pakistan-occupied Kashmir (PoK).

The CPEC aims to improve

China's shipments typically travel 13,000 km and 45 days; with the CPEC, this could come down to 2,500 km and 10 days.

Pakistan benefits from the upgraded infrastructure and increased GDP. This is the largest investment the country has attracted since its independence.

However, India's reservations with this go beyond the land problem too.

In January, Observer Research Foundation's Arun Mohan Sukumar wrote:

“If China begins to guarantee the security of major projects along the corridor, would that free up Pakistan's budget and resources to target defense spending elsewhere?

...India should observe the



In recent years, China and India have made increasing exchange on movies and created greater opportunity for cooperation in production. In this January 23, 2017 photo, Indian movie star Sonu Sood (left) and Chinese movie star Jackie Chan attend the Mumbai premiere of *Kung Fu Yoga*, a 2017 Chinese-Indian movie directed by Stanley Tong. [IC]

regional connectivity and energy exchange, via upgraded air travel, railways, highways and fiber optic networks, along with cooperation in agriculture, technology and other fields. China is building itself an alternate route for energy supplies and for trade. To import oil from the Gulf,

potential impact that the CPEC may have on regime creation in Asia...To attract 'quick and dirty' investment, autocratic regimes in Asia will invite strategic linkages with China.

India cannot sustain its single-minded strategy of isolating Pakistan when it has clearly not had the desired

effect on China and other regional players. For now, the CPEC seems to be on course for completing some of its milestones, and India would be ill-advised to rely on the false comfort that profits alone will drive China's business with Pakistan. Understanding the CPEC's regional impact and mitigating its negative effects will require a comprehensive strategy from New Delhi that goes beyond the India-Pakistan narrative."

India's concerns stem from a deep distrust of China's intentions; the problems within China-India relations have grown recently, with the CPEC issue, trade imbalance and so on, said former diplomat Gautam Mukhopadhyaya. "A major problem is the lack of consultation — China has not approached India for many of its other initiatives, including some ports where India is a natural customer," he added. "This leads to a natural strategic suspicion."

Any country that wants to be a global power — a position both India and China are vying for in the 21st century — must first rise to regional power. China's increasing economic investments have raised suspicions in India. "And more importantly, why aren't China and India talking?" asked Raj Verma, assistant professor of international affairs at Jilin University, China and visiting fellow at the Institute of Defence Studies and Analyses, New Delhi. "This raises questions about Chinese intentions."

"At the base of it, the BRI seems to us a primarily strategic plan that is China-centric, and aims to draw the region into a sphere of political influence," said Mukhopadhyaya. "It's very difficult to solve a security dilemma like this, and the only way forward is discussion. China needs to take the first step, and India must accept talks in the interest of the region."

While Indian officials agree that connectivity is an antidote to geopolitics, the

## The BRI without India would be a different BRI, for itself and for India. China is one of India's largest trading partners, and this could bring India great gains.

country's concerns lie in that the BRI process has not been transparent, sufficiently consultative, and with PoK involved, what happens if India and Pakistan go to war? Terrorism is another threat, and increased networks may make it harder to curb.

As a counter-strategy, India has set the ball rolling on maritime projects such as Project Mausam and SAGAR in the Indian Ocean, which it could focus on instead.

While India has not endorsed the BRI, it has not outwardly rejected it either, and the difference is vital, said Ashok Kantha, former ambassador of India to China, and the way ahead can be constructive. India initially was wary of the Asian

Infrastructure Investment Bank (AIIB) too, and despite reservations, when assured that it would be a multi-lateral bank, India engaged closely.

If talks lead to constructive solutions, and the BRI can be somewhat altered to alleviate some of India's concerns, it could, in fact, bring India many benefits.

Ajit Ranade, chief economist at the Aditya Birla Group, highlighted five 'low-hanging fruit areas' that India could gain from the BRI:

- Information technology and IT-enabled services, for which India has the resources, and China, the market.
- Pharmaceuticals: India makes the lowest costing medicines, and Chinese authorities are particularly looking to lower healthcare costs.
- Tourism: The world's largest tourist contingent comes from China. If even one million Chinese people — a fraction of the population — visit India, this could lead to considerable gains. The government could focus on special Buddhism packages too.
- Auto ancillaries manufacturing could be set



October 1, 2015: Indian artists perform at a tourism festival in Beijing. [VCG]

- up in India.
- Entertainment: India has the infrastructure for large-scale filmmaking and entertainment that China could make use of.

"As a businessman, I find it difficult to find pitfalls in India's participation in the BRI," said Zheng Bin, CEO of the Industrial and Commercial Bank of China in India. "The BRI without India would be a different BRI, for itself and for India. China is one of India's largest trading partners, and this could bring India great gains. If a trust-deficit and a media-deficit are resolved, we can recalibrate relations."

India should be an active participant, yet independent, added Zheng. "The new generation of Chinese and Indian people should not let history dictate their business decisions. As a relatively young person from China, I feel great about India, and my son, from an even newer generation, has Indian friends, and has no animosity here."

At the end of the Mumbai conference, Observer Research Foundation's Mumbai chairman, Sudheendra Kulkarni, noted all the divergent perspectives, and hoped for more dialogue. "There will be differences, but we should respect each other's core concerns and find common ground for cooperation," he said. "If the CPEC is the problem, all three countries involved need to come together and discuss it, and find a creative solution — perhaps connectivity is that solution? A time will come when the CPEC will happen despite our opposition. We should wake up and start looking for solutions."

Liu Jinsong closed the conference on a hopeful note too. "The BRI is open to equal, inclusive memberships," he said. "The only approach for the BRI is development; yes, there are issues, but we should talk about the next generation of geopolitics. The idea of the Middle Kingdom is out of

date — we don't want hegemony."

Importantly, he added that at the BRI summit scheduled for Beijing in May, leaders from countries such as Turkey, Mongolia and Sri Lanka would be attending despite disputes with China. "They don't think that China dominates the agenda," he said. "China will give you a comprehensive briefing, but understands that India is sovereign, and will make its own decision. China has a big vision, stomach and strategy, and so does India. China is happy to endorse India's campaigns, such as "Make in India" — our partnership is vital for regional development, and the world would appreciate it that the dragon and the elephant finally dance together. It's time for India to decide."

The author is a Mumbai-based journalist focused on culture, education and social development.

# Doklam Standoff

## India's Obsession with "Absolute Security"

By Hu Shisheng

The Modi administration's hostile attitude towards China and its accompanying policies have reduced China-India relations to a serious status of strategic distrust, which may even jeopardize their previous cooperative-competitive equation to a total "adversarial relationship."

In terms of the Doklam standoff, the Modi administration has made three major mistakes:

First, India damaged the existing consensus and already-signed treaty by its own will. The Sikkim section of the China-India boundary was delimited in 1890 in the *Convention Between Great Britain and China Relating to Sikkim and Tibet*, and the boundary demarcation is recognized by both China and India. Successive Indian governments have repeatedly confirmed in the past that they recognize this part of the boundary, and no disputes had previously existed. Based on this treaty, China constructed border roads within its own territory. Also based on this treaty, India

built fortifications in the Sikkim section of the China-India boundary. Now, India's entrenchment and abundant blockhouses in this region have overwhelming superiority over China in terms of border defense. Actually, India's unconventional border defense construction has already seriously violated the *Agreement Between the Government of the People's Republic of China and the Government of the Republic of India on the Maintenance of Peace and Tranquility Along the Line of Actual Control in the China-India Border Areas* signed in 1993 and the *Agreement Between the Government of the People's Republic of China and the Government of the Republic of India on Confidence Building*

*Measures in the Military Field Along the Line of Actual Control in the China-India Border Areas* signed in 1996. Thus, talking about border defense construction threats, it is India's unconventional border defense construction that has posed serious real threat to China's security.

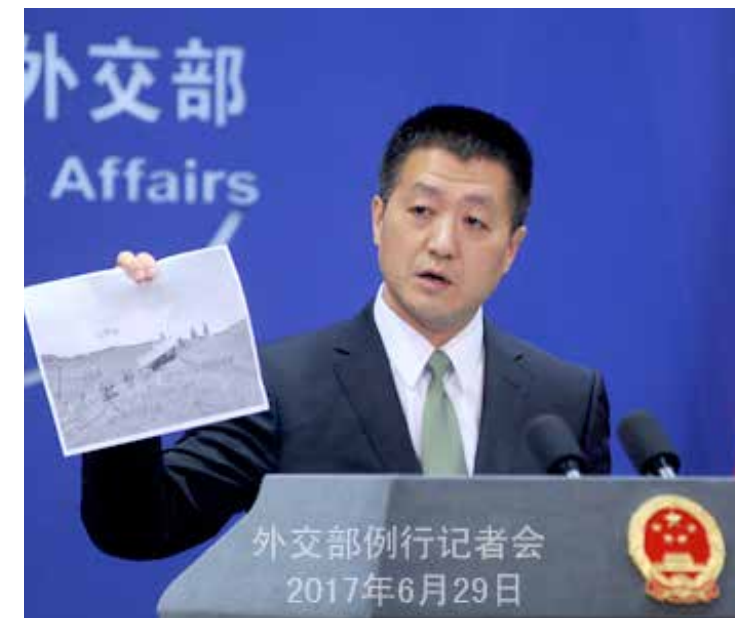
The standoff in China's Doklam area was caused by the Indian troops' trespassing of Chinese territory. It is a breach of the 1890 convention and a gross violation of international law, going against the promissory estoppel. It also completely contradicts the Modi administration's call of establishing an international order "based on international rules". Even if India believes that the 1890 convention was not fair, it should never

selectively accept and break the convention unilaterally. It can never claim rights with a map produced by Britain years later and tread the 1890 treaty at its own will.

We can take a look at the map. After the 1890 convention was signed, the British were soon dissatisfied with the first clause in the treaty. The clause states that "the boundary of Sikkim and Tibet shall be the crest of the mountain range separating the waters flowing into the Sikkim Teesta and its affluents from the waters flowing into the Tibetan Mochu and northwards into other rivers of Tibet. The line commences at Mount Gipmochi on the Bhutan frontier, and follows the above-mentioned water-parting to the point where it meets Nepal territory".

However, the British believed that the features of Mount Gipmochi as the starting point of the boundary were not obvious. Thus, in a time between 1907 and 1913, Britain published a map showing that the boundary started at Batang La, six kilometers north of Mount Gipmochi, and believed that its features were more evident as the dividing crest.

India's basis for trespassing into the Chinese territory is probably from the map produced by Britain. One of the reasons offered by the Modi administration is that India, China and Bhutan have different opinions on the tri-junction. India and Bhutan hold that it is more reasonable to place the southeast starting point of the



June 29, 2017: China's Foreign Ministry spokesperson Lu Kang displays a photo showing the Indian border troops' trespass of the Chinese territory at the Sikkim section of the China-India border at a press conference. He again urges the Indian side to immediately bring the border troops that have crossed into China back to the Indian side of the boundary, so as not to worsen the situation. [photo courtesy of China's Ministry of Foreign Affairs]

Sikkim section of the China-India boundary at Batang La rather than Mount Gipmochi. Thus, the Indian troops' "entry" into Doklam is legal. However, although the border between China and Bhutan is yet to be demarcated due to the obstructions set by India, it is clear that Mount Gipmochi is located south to Doklam and Doklam belongs to China. In the 1890 convention, the tri-junction between China, India and Bhutan is Mount Gipmochi, which was put down in black and white. Although this point has no specific latitude and longitude due to the undemarcated boundary between China and Bhutan, a point is a point. It can never be expanded to a plane. On this issue, India quibbles due to its

concern about its own safety.

But most importantly, Britain's producing of the map is undoubtedly a unilateral action. The map is not a necessary part of the 1890 convention, and China has no obligation to abide by it. Indian troops' trespassing into the Chinese territory has, in effect, turned the 1890 convention invalid, and made the China-India boundary question even more complicated. Actually, the Sikkim section, as the mutually recognized boundary section, facilitates the border trade between China and India, and offered a safer route for Indian pilgrims to Tibet. However, the Doklam standoff not only made the whole China-India boundary undemarcated,

influenced the bilateral trade and the route for Indian pilgrims to Tibet, but also granted the Chinese government the right to renegotiate the legal status of Sikkim and its administrative division. China has the right to ask India to restore the Sikkim section of the border to the 1794 boundary decided by China's Tibet and Sikkim. Sikkim, which was known as Dremojong then, was a vassal state of Tibet, although it was independent back then.

Second, India uses the excuse of "own security concern" to interfere in the domestic and foreign affairs of its neighboring countries. According to the 1890 convention, the Doklam region is a part of Chinese territory and since then, Doklam has always been under China's effective jurisdiction. Because the Bhutanese government objects to the southeastern end defined in the 1890 convention that defines the tri-junction of the three countries, China and Bhutan have, at most, some disagreements over the Doklam area. However, not until 2000, when the 14th round of talks was held, did Bhutan make clear its understanding of the alignment of the boundary in the Doklam area. Even then, the decision seemed to be inspired by pressure from India. This boundary issue should involve only two countries: China and Bhutan. India is not a party with a claim. However, because "Bhutan claims sovereignty over Doklam area" and "to protect Bhutan," India



Indian border troops crossed the mutually-recognized boundary at the Sikkim section and entered China. [photo courtesy of China's Ministry of Foreign Affairs]

illegally crossed the China-India border and entered Chinese territory. Moreover, in its reaction to the incident, Bhutan had no idea what India was planning to do. So, India, under the guise of justice, sabotages Bhutan's foreign affairs and forcefully undermines the efforts to resolve border disputes by China and Bhutan through diplomatic and political means.

China and Bhutan started their border negotiations in the 1980s, and have held 24 rounds of talks so far. In August 2016, after the 24th round, Chinese Vice Foreign Minister Liu Zhenmin declared that the two countries' border negotiations had made great progress in recent years. Despite the progress, the prospects for an agreement remain weak because Bhutan remains so close to India. As for the "Doklam dispute", China's position is very clear: China must defend its rights specified in the 1890 treaty and strengthen its effective jurisdiction over the Doklam

area. This position evidences China's respect for the treaty as well as international law. However, because Bhutan has some disagreement on the 1890 treaty, China is willing to negotiate a "packaged solution" through peaceful means.

India often claims it "works closely with Bhutan to prevent damage to both nations' interests." But illegally encroaching into China's territory "for Bhutan" neither aligns with the friendly consultations conducted between China and Bhutan, nor protects Bhutan's national interests. India's move is the Modi administration taking advantage of Bhutan to protect its own interests. The event has exposed how India is manipulating Bhutan's internal and external affairs. The "friendly treaty" signed in 1949 between India and Bhutan stipulated that "Bhutan agrees to accept the guidance of the Indian government in diplomatic relations." Not until 2007 were changes made to the

imbalanced treaty, the most important of which was changing the word "guidance" into "close cooperation." But that change seems to be only superficial, and in practice Bhutan seems to be a protected patron of India.

The 24 rounds of negotiations over the past 33 years have led to many consensuses between China and Bhutan concerning the border area. Yet, Bhutan has never formally established diplomatic relations with China because of Indian manipulation. Of the 14 nations sharing a border with China, only Bhutan lacks formal diplomatic ties to China. And Bhutan is one of only two countries with an ongoing border issue with China. The other country is of course India. Using Bhutan as a pawn is failing to capitalize on its strategic advantages due to its geographic position directly between the world's two largest emerging economies. Bhutan could be enjoying the fruits of development, but it remains one of the Least Developed Countries in the world.

Third, India is ignorant about the overall situation of China-India relations. Hard-earned stability in bilateral relations requires efforts to sustain. Although China and India are confronted by the challenges of developmental competition, clashing territorial sovereignty and problems left by history, the countries share enough mutual dependence in geopolitics, complementary positions in development,

mutual reliance in national strategies, and cultural connection to develop a rich and mutually beneficial relationship. For the two emerging economies with huge populations and long histories, ensuring that both governments optimally benefit their peoples during development is the primary goal of bilateral cooperation. Chinese President Xi Jinping stressed that China and India, as the two largest developing countries in the world, should properly manage and handle disagreements and sensitive issues when he met Indian Prime Minister Narendra Modi on June 9, 2017, in Astana, Kazakhstan. Modi agreed and noted that the two countries should explore potential for cooperation, strengthen communication and coordination in international affairs and respect each other's core interests and major concerns. The standoff in Doklam, however, unfolded and was clearly caused by the Indian government when those words were still fresh. New Delhi unilaterally opted to forgo "properly" handling the disagreement in favor of triggering a larger dispute. The incident will leave a deep and prolonged strain on China-India relations. Considering the current development status and bilateral relations of the two countries, the event will likely destabilize regional and global cooperation between China and India, considering how aggressively the Modi government addresses disagreements. Furthermore,

India will endure a deteriorating image in the eyes of Chinese people and less favorable China policy toward India.

India, a civilization of over five millennia, is the second most populated country in the world, following only China. Governed by a multi-party system since 1952, the politically mature country would not make such poor decisions if common sense were a guiding principle of the current government. The standoff persists today and casts a dark shadow over the entire region.

The incident was born with Indian strategists, particularly Modi's policy consultants, who have shown an obsession with absolute security that has driven the Indian government to treat perceived security threats as real, even at the cost of disturbing the domestic and foreign affairs of other countries including Sri Lanka, Nepal and Bhutan. The driving motive for the Modi government to cause this standoff is Indian strategists' concern that the Siliguri Corridor, India's strategic hub, would be threatened if China builds roads to Mount Gipmochi. These analysts are intimidating themselves, however, and creating an illusory new cold war to keep themselves relevant. Such concerns hardly make sense considering India's strong military forces positioned on both sides of the corridor all the way from Doklam. It's difficult to argue that India's sabotage of its neighbor's legitimate infrastructure

project in the border area in the name of “absolute security” benefits anyone.

In fact, “absolute security” far transcends borders if the concept is treated like zero-sum game in which one country’s security becomes a threat to its neighbor. It will only lead to an arms race. As the standoff in Doklam continues, China is seeing that its forces on the border are far weaker than those of India, so China is looking harder at catching up with India through its ongoing military reform and modernizing its defense facilities near the boundaries to enable the country to better curb India’s impulses to conduct standoffs and end them before they start. India should be seeking sustainable security rather than absolute security, which can only be attained through win-win cooperation.

Why is India, especially the Modi administration, so obsessed with absolute security? Three key factors are influencing the government’s actions:

First, India’s strategic thinking is suffering from inertia. India considers itself a natural inheritor of the British Empire’s colonial heritage. One legacy the British passed on to India’s ruling elites is the Buffer Zone theory, which was developed during the 200 years of colonial dominance that started with the Battle of Plassey in 1757 and ended with British evacuation from the Indian subcontinent in 1947. According to the theory, Tibet should be the buffer

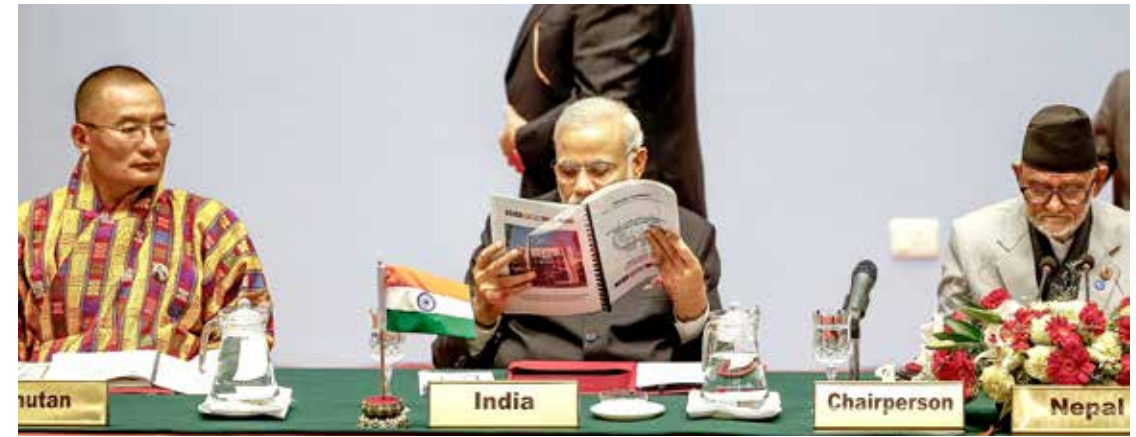
zone between China and India, and the Himalayas the natural barrier. Therefore, the Nehru administration (1947-1964) strongly opposed the Chinese central government’s peaceful liberation of Tibet. Indian elites would have preferred that Tibet keep its half-independent status forever, and India signed friendship treaties with Nepal, Bhutan and Sikkim soon after it won independence to manipulate the security and diplomatic policies of those small states along the Himalayas. Consequently, New Delhi doesn’t want to see the construction and operation of the China-Nepal Railway and the establishment of normal diplomatic ties between China and Bhutan.

In the Doklam standoff, India wants to make Doklam a small buffer zone by preventing China from constructing any frontier facilities there so that India has absolute unilateral defense advantage for the long term. However, poor and backward Bhutan, Nepal and even the northern and northeastern part of India are the biggest victims of the Buffer Zone theory and practices, which are supported only by the Indian ruling class and strategic think-tanks.

Second, the situation is worsened by the Modi administration’s overwhelming confidence. Since Indian Prime Minister Narendra Modi took office in 2014, many achievements have been made in both the domestic and foreign affairs

of India. In foreign affairs, the India-U.S. security partnership has made many big strides towards the bonds of alliance, and the India-Japan security agreement has continually reached new levels. Trilateral dialogue between the U.S., Japan and India has become increasingly concrete and high-reaching. The scale of the Malabar naval exercise involving all three countries has grown and could soon involve Australia too. The India-Africa Forum Summit (IAFS) and Forum for India-Pacific Islands Cooperation (FIPIC) are attracting more and more participation.

In this context, it’s no surprise that India’s Minister of State for External Affairs Vijay Kumar Singh has declared with great confidence that the majority of countries around the world support India on the Doklam standoff. In domestic affairs, Modi launched the Goods and Services Tax (GST), India’s biggest tax reform since independence, and established the first unified market in history. Modi’s strong cash ban enabled leap-frog development of domestic mobile payments. And largely thanks to Modi’s whirlwind influence, his Bharatiya Janata Party won a landslide victory in the politically crucial northern state of Uttar Pradesh, further consolidating the party’s dominance of India politics. In each of the past three years of the Modi administration, India has had an impressive macroeconomic performance. Not only has its GDP growth



November 26, 2014: Heads of state or top leaders from eight countries, including India, Pakistan, Bangladesh, Bhutan, Maldives, Sri Lanka, Afghanistan, and the host Nepal, attend the 18th South Asian Association for Regional Cooperation (SAARC) Summit, Kathmandu. Other nine countries, including China, the U.S., and Japan, also participate in the summit as observers. [VCG]

rate surpassed China, but it also became the top market for international greenfield investors. Surprising successes of past aggressive polices further stimulated even bolder and more aggressively impulsive moves from the Modi administration. The Doklam standoff is just one of them.

Third, the Modi administration has deepened hostility toward China. The election victories of Modi and his Bharatiya Janata Party ended the ruling status of the coalition government of the past 30 years and greatly enhanced the government’s decision-making capacity, which once produced huge hopes for great development between China and India.

Chinese Premier Li Keqiang scheduled his first state visit to India two months after he took office in 2013. The Chinese government even broke the tradition of ensuring that the Premier’s South-Asian trip included both India and Pakistan. And

Premier Li called Modi to congratulate him soon after Modi took office. On many occasions, Chinese President Xi Jinping has proposed discussions with Modi on the possibility of aligning the Belt and Road Initiative with India’s Monsoon Plan, Spice Route and Cotton Route.

In general, the Chinese government’s diplomatic policies towards India are intended to broaden consensus to reduce the impact of differences between the two countries on bilateral relations. However, China’s good intentions are often frustrated by India’s negative diplomatic responses, because the Modi administration doesn’t believe China and India can develop bilateral ties and conduct strategic cooperation without first settling their disputes, especially on the border issue. Furthermore, they misconstrue Chinese diplomatic reactions as intending to check the rise of India. The Modi

administration treats China as its arch rival, which has inspired it to embrace various security cooperation strategies offered by the U.S. and its allies, to contain China and curb its influence.

The Modi administration’s resulting hostility towards China is putting China-India relations on thin ice, and the dynamic could quickly shift from cooperative and competitive to adversarial. However, the more adversarial China-India relations become, the easier it would be for India to take extreme precautions against China. The Doklam standoff is just one example.

So, how the Doklam standoff is ultimately solved will likely present a possible turning point for the Chinese government’s South Asian policy. ☞

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# What Belt and Road Forum for International Cooperation Means for Chinese Cooperation in South Asia

By Ye Hailin

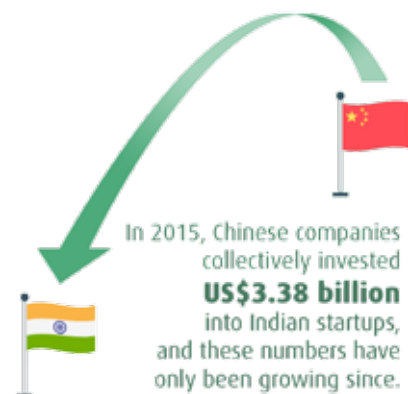
The Belt and Road Forum for International Cooperation will promote bilateral and multilateral cooperation in South Asia and greater connectivity, giving the region a more promising outlook.

From May 14 to 15, 2017, China hosted the Belt and Road Forum for International Cooperation (BRF) in Beijing to appeal for extensive consultation and joint contributions for shared benefits, creating a wider platform for the promotion of international cooperation. A total of 29 foreign heads of state or government attended the Forum, including Pakistani Prime Minister Nawaz Sharif and Sri Lankan Prime Minister Ranil Wickremesinghe.

In the north of the region, the South Asian Sub-

continent connects to the Silk Road Economic Belt, and in the south to the 21st-Century Maritime Silk Road. Before the Belt and Road Initiative (BRI) was even proposed, the China-Pakistan Economic Corridor (CPEC) and the Bangladesh-China-India-Myanmar Economic Corridor had already become platforms for cooperation between China and countries on the South Asian Sub-continent. Thanks to its geographical position, strong labor force and promising market potential, the South Asian Sub-continent has become an important region under the

BRI framework. The BRF boosted construction of the Belt and Road and ensured that bilateral and multilateral cooperation between China and countries on the South



Asian subcontinent will be further promoted, giving the region a more promising outlook.

First, during joint efforts to construct the Belt and Road, China and countries in the South Asian subcontinent have formulated many tangible cooperative projects which have created ideal conditions for further work on the Initiative on the South Asian subcontinent and in the greater region around the Indian Ocean.

China presented a list of major deliverables to the BRF, which included 76 items that have produced 270 concrete results in five key areas, namely policy, infrastructure, trade, finance and people-to-people connectivity. The South Asian subcontinent is high on the agenda. The Chinese government signed memoranda of understanding

on Belt and Road cooperation with the governments of Pakistan and Nepal. The National Development and Reform Commission of China signed the *Memorandum of Understanding on Implementation of Upgrade of ML-1 and Establishment of Havelian Dry Port under CPEC* with the Ministry of Planning, Development and Reform of Pakistan. The National Railway Administration of China signed the *Framework Agreement on Implementation of Upgrade of ML-1 and Establishment of Havelian Dry Port in Pakistan* with the Ministry of Railways of Pakistan. The Ministry of Industry and Information Technology of China signed the *Memorandum of Understanding on Cooperation in Information Technology* with the Ministry of Communications and

Information Technology of Afghanistan. The China Development Bank signed dozens of financial cooperation agreements on ports, electricity and industrial parks with relevant institutions of Sri Lanka and Pakistan.

These agreements have laid a solid foundation for the Initiative to take off and flourish on the South Asian subcontinent, making it better known to, and popular with, local governments, enterprises and the public.

Secondly, the BRF clarified a roadmap for cooperation between China and countries on the South Asian subcontinent that highlights eastern, middle and western lines forging ahead together.

Over the years, multilateral cooperation between China and eight countries (including Afghanistan) on the South

May 15, 2017: Chinese President Xi Jinping and other participants take a group photo in front of the venue at the Yanqi Lake International Convention and Exhibition Center after the first meeting of the Leaders' Roundtable Summit at the Belt and Road Forum for International Cooperation. by Xu Xun/ China Pictorial





Asian subcontinent has featured eastern, middle and western lines forging ahead together. The eastern line refers to the Bay of Bengal Rim centered along the Bangladesh-China-India-Myanmar Economic Corridor. Aung San Suu Kyi, State Counselor of Myanmar, attended the BRF. Although no Bangladeshi head of state or government attended the BRF, China and Bangladesh launched many cooperative projects because of the Bangladesh-China-India-Myanmar Economic Corridor. The Prime Minister of Sri Lanka, an island nation in the Bay of Bengal, attended the BRF, which encouraged bilateral and multilateral cooperation between China and countries on the eastern bank of the Indian subcontinent.

The middle line refers to construction of the southern passage between China and Nepal. Since the Nepalese earthquake, pragmatic cooperation between China and Nepal has continuously increased. Nepal has confidently embraced China's economic development tools as well as more independent diplomacy. During the BRF, cooperation between China and Nepal was further boosted by China's proposals to build an important passage to South Asia. This and the Trans-Himalaya Economic Corridor were strongly supported by Nepal.

The western line is the CPEC – a flagship project of the BRI. It is well known that the CPEC has greatly promoted China's

cooperation with South Asian countries and helped the Initiative gain traction on the South Asian subcontinent. The Forum only strengthened the CPEC, which has become the most spectacular bilateral cooperation project of the Initiative.

These three lines show that

## Since the BRF, China's cooperative potential with countries on the South Asian subcontinent was increased and regional interaction along the Belt and Road has been enhanced.

the current cooperative trends between China and countries on the South Asian subcontinent are based on bilateral cooperation. China's focus on small and medium countries on the South Asian subcontinent highlights its practicality and refusal to let political or security issues hinder economic cooperation and development. The practice conforms to Chinese diplomatic tradition: Handle easy and small cooperative plans expertly, and the hard and big ones will follow. China understands and respects the geopolitical patterns of the South Asian subcontinent.

Finally, the BRF has increased China's cooperative potential with countries on the South Asian subcontinent and enhanced regional interaction along the Belt and Road.

As a result of the unique geopolitical structure of the South Asian subcontinent, for many years, any country

outside the region had to consider India first when dealing with South Asian countries due to its dominance of every field in the region, not to mention its market capacity compared to its small and medium neighbours. This diplomatic policy ensured stable

relations with India, but gave it too much leverage over the affairs of the region. This new model may make some in India unhappy, but its focus is the well-being of the small and medium nations around it.

For the majority of big countries outside of India's neighborhood, the choice to give Indian relations the top priority is quite rational. Current international rules tend to favor major nations, and it is easy to see why friendship with India outweighs relations with many small and medium countries such as Pakistan or the Maldives. Of course, theoretically, balanced diplomacy can be carried out in the region, but considering India's strong dominance in the South Asian subcontinent, such a proposition is not easy.

For China, achieving balanced diplomacy in South Asia would be particularly difficult, not only because of the numerous major and even

sharp differences between China and India, but also because India has always considered China a primary threat to its leading position in South Asia, worrying about China's economic and military presence dominating South Asia and the Indian Ocean region. When India discusses bilateral relations with Nepal, Sri Lanka and even Bangladesh, these countries' relations with China are considered open concerns for India.

If China, like other major nations, focuses its South Asian diplomacy on India, small and medium countries in the region will suffer and lose confidence in their relationships with China. These countries would think no matter how much attention China gives them, when push comes to shove, India's interests will always be prioritized over their own. This concern will greatly affect the enthusiasm and determination for their participation in a China-sponsored regional program. Before the BRF, media outlets and officials in several South Asian countries voiced concern that aligning with China under the framework of the BRI could provoke a backlash from India. Although such opinions were never popular enough to prevent these countries' participation in the Initiative, the concern has left a lingering cloud over China's bilateral cooperation with countries on the South Asian subcontinent. After the BRF, this voice died down and these countries' willingness



May 23, 2017: At Lianyungang Port in Jiangsu Province, a batch of buses made by China's Anhui Ankai Automobile Co., Ltd. boards a ship bound for Yangon City, Myanmar via the 21st-Century Maritime Silk Road. Anhui Ankai Automobile Co., Ltd. signed a contract with Yangon Bus Limited Company to sell it 500 natural gas-fueled buses worth 200 million yuan. [VCG]

to cooperate with China has been strengthened. Ongoing cooperative projects can set good examples and cause ripple effects.

Before the BRF, India declined to attend because the Initiative's flagship project, the CPEC, crosses the controversial Kashmir. Considering India's position, China patiently explained and tried persuasion through channels such as the Chinese Embassy in India, but the Indian government stuck to its decision. In the view of some Indian media, India's absence effectively symbolized a boycott of the Initiative.

If a boycott is what the Indian government wants, the move's results will be a disappointment. First, the BRI is an open framework in which no work can be impeded by any country's absence. Secondly, India's "boycott" has provided a favorable environment for China to solve traditional geopolitical problems in South Asia and promote its

own cooperation with small and medium countries in the region. These nations see China's willingness to cooperate and its constant principle of equality regardless of a country's size. These countries will see India's "boycott" as a failed move, forecasting that any attempt to stop China's efforts in South Asia is bound to fail. Small and medium countries in the region will gain confidence in working with China within the Initiative.

If China's cooperation with small and medium countries achieves continuous fruits, India could someday be persuaded to join the Initiative. Of course, this largely depends on India's understanding and judgement of China's intentions in constructing the Belt and Road. 📌

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# Is China-Pakistan Economic Corridor a Threat to India?

By Lu Yang

The economic development of Pakistan will boost regional stability and mitigate the threat of cross-border terrorism, which is conducive to the prosperity and development of India.

Of the six major economic corridors under the China-proposed Belt and Road Initiative (BRI), the most noticeable is the China-Pakistan Economic Corridor (CPEC). A flagship project under the Initiative, it extends more than 3,000 kilometers from China's Kashgar to Pakistan's Gwadar Port, in a region inhabited by billions of people. The project's launch was a major boon to Pakistan's infrastructure development.

## CPEC EYES REGIONAL STABILITY

Both the Chinese and Pakistani governments hope

that the CPEC will benefit the whole of Pakistan and accelerate its economic growth, which would enhance the region's stability and security. China believes that security collaboration and economic cooperation are two closely related aspects and that any improvements in either will certainly boost the other. Security and economic development are like two wheels of a bicycle: Progress screeches to a halt if either wheel is lost. China believes that economic development can help improve Pakistan's security and that the rejuvenation of its economy will not only enhance the stability of the South Asian country, but also promote

stability throughout the region, including the western border of China.

However, to India, the CPEC exerts massive strategic pressure. In the eyes of Indian leaders, both China and Pakistan are India's major rivals. They argue that the project shifts the focus from strategic cooperation to economic cooperation, making the China-Pakistan bilateral relationship tighter. India is unwilling to accept such a situation. The most glaring problem to India is that the CPEC runs through the disputed area of Pakistan-controlled Kashmir. For this reason, India considers the CPEC a threat, which has cast a cloud of persisting doubt



May 15, 2017: The Leaders' Roundtable Summit at the Belt and Road Forum for International Cooperation is held at the Yanqi Lake International Convention and Exhibition Center in Huairou District, Beijing. Chinese President Xi Jinping presided over the summit. by Wan Quan

over China's BRI. Furthermore, India doesn't endorse China's pattern of improving its relations with neighboring countries and claims that the trend is primarily rooted in creating closer economic contact to foster interdependence. However, China has received overwhelmingly positive feedback from many South Asian nations, which is reducing India's influence in the region. On May 13, a day before the two-day Belt and Road Forum for International Cooperation opened in Beijing, a spokesman from India's Ministry of External Affairs explicitly declared that India wouldn't send any high-ranking officials to

attend the Forum, so there is still a long way to go before India joins the BRI.

Of every piece of the Initiative, the CPEC remains the most insurmountable obstacle for India. In fact, China and India have different understandings of the CPEC. From China's perspective, the project transcends the triangular relationship between China, India and Pakistan and aims at enhancing regional development and stability by strengthening economic cooperation and connectivity, which in turn safeguards China's interests. China long ago abandoned the strategy of keeping a special strategic relationship with Pakistan to

restrain India and is now eyeing broader security and interests. In a recent speech at the United Service Institution of India, Chinese Ambassador to India Luo Zhaohui clarified that China would prioritize its national interests when handling foreign affairs concerning South Asia, and make sure every effort is conducive to the development of China and the stability of the whole region.

As a major regional power, India understands the CPEC and the Belt and Road Initiative in terms of South Asia's geopolitical situation. In its understanding, if the CPEC succeeds, Pakistan will be strengthened, which

would tilt the balance of power that way. In India's eyes, the CPEC strengthens the anti-India alliance in South Asia. Moreover, other South Asian countries' positive response to the Initiative has only increased India's concern that China will threaten its leading role in South Asia. For this reason, India has invested greater resources in dulling China's influence in the region.

But if India develops more quickly and healthily, a fast-growing Pakistan won't necessarily diminish India's strength. Conversely, would a poor, terrorism-plagued Pakistan be in India's best interest? The economic development of Pakistan will boost regional stability and mitigate the threat of cross-border terrorism, which is only conducive to the prosperity and development of India. Unfortunately, spillover effect from the security dilemma has significantly decimated India's willingness to engage in economic cooperation with Pakistan and China.

#### ENHANCING MUTUAL UNDERSTANDING IS KEY

China's BRI has already become a global plan with focus on international consensus, common development and shared benefits. Throughout the implementation of the Initiative, China has never set a fixed list of participants and has continuously followed the principle of remaining open to all who are willing to cooperate under the



May 15, 2017: The Leaders' Roundtable Summit at the Belt and Road Forum for International Cooperation is held in Beijing. When addressing the roundtable summit, Chinese President Xi Jinping stressed that the Belt and Road Initiative "involves countries in different regions, at different development stages and with different cultures" and "is a platform of open and inclusive cooperation and a public good we jointly provide to the world." by Wan Quan

## As a major regional power, India understands the CPEC and the Belt and Road Initiative in terms of South Asia's geopolitical situation.

prerequisite of "extensive consultation, joint contribution and shared benefits." The BRI is not just a Chinese program, but a symphony performed by all participants. All participating countries and regions are encouraged to pool their wisdom and seek consensus, opportunity and new development by working together. For China's neighbors, priority should be placed on promoting bilateral connectivity and building mutually beneficial cooperation networks with China, before gradually consolidating multilateral

cooperation mechanisms. The CPEC can be considered a pilot project for bilateral connectivity between China and its neighbors, which is expected to expand into a multilateral cooperation project when conditions are ripe.

China, just like all other participants, must maintain an open attitude toward cooperation under the BRI. The principles of "seeing the big picture and seeking mutual benefits, win-win cooperation and common development" create great space for stakeholders to discuss specific projects and

cooperative mechanisms concerning the Initiative. To promote construction of the Belt and Road, involved parties should put disagreements such as territorial disputes on hold and seek opportunities that could end up solving them. To achieve optimal development, India should utilize the resources of other countries and international organizations rather than stubbornly relying only on its own power. Because most of its South Asian neighbors are even less developed than India, they lack the funds, talent and technologies to support their development and turn to India for support. For this reason, the Indian government formulated and enacted the "Look East" policy. Unfortunately, the policy focuses on strategic balance in the Asia-Pacific region and doesn't consider China, the largest and most dynamic economy neighboring India.

India has yet to release a positive response to the BRI, signifying that differences

and deficiencies in mutual understanding between the two countries remain. China is attaching greater and greater importance to its relations with neighboring countries. In fact, China would highly value India's role in implementing the Initiative. Whether and how India will participate are popular topics for the Chinese media, public and academia. However, India's indifference and doubt towards the Initiative and absence from the Belt and Road Forum for International Cooperation disappointed China. Still, India's attitude reflects an undeniable fact: China must overcome other countries' distrust and doubt arising from geopolitical concerns to promote the BRI. Pinpointing the best way to effectively implement the Initiative and have it be accepted by others remains a challenge for China.

Due to historical factors such as the India-Pakistan wars and the China-India border war of 1962, security concerns related to China and

Pakistan have become part of India's national identity. Old mindsets are hard to change. No matter how much the connectivity and further openness of South Asia have already enhanced India's national strength, the country's security concerns and the national pride of its leaders make the government inclined to take diplomatic approaches towards China from geopolitical and security perspectives. India remains reluctant to cooperate with China, and such an attitude puts any constructive attempt in rough waters.

The core values of the Silk Road Spirit are "peace and cooperation, openness and inclusiveness, mutual learning and mutual benefits." China needs to consider India's concerns and show greater tolerance and patience when dealing with its South Asian neighbor, but India should try to look at China's diplomatic moves from beyond strategic and security perspectives. China and India can effectively eliminate their differences only by enhancing mutual understanding on respective policy, philosophy and logic. Disputes can be controlled if addressed head on. For now, perhaps the only path forward for China and India is deepening understanding through greater interaction. ■

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# Chinese Investments in Indian Startups Skyrocket

By Vishveshwar Jatain

Chinese tech giants have invested more in Indian startups in the last two years than they did in the entire preceding decade, and the numbers are only poised to get bigger.

In Sino-Indian trade, India is most conspicuously known for being a huge market for electronic goods manufactured by China. Of course, that's not all that China exports to India – there are also organic chemicals, boilers, milk, fuel, oil, and even nuclear reactors.

In 2014, China edged out the UAE to become India's largest trade partner. By 2015, China already accounted for 15.8 percent of all Indian imports, adding up to a total of US\$61.5 billion. This means that bilateral political climate aside, the Chinese and Indian economies are inextricably linked to, and dependent on, each other.

Trade is only one of the ways money moves between countries in the modern world though, and it's the



Founded in 2010, Snapdeal is an Indian e-commerce platform similar to Tmall, Alibaba's B2C marketplace, and Amazon in the U.S. In 2015, Snapdeal raised US\$500 million from investors including China's Alibaba Group and Foxconn Technology Group as well as Japan's SoftBank Group Corp. Since April of this year, Snapdeal has started negotiations with another Indian e-commerce platform to merge into an even stronger local e-commerce company.

second route that's been gaining momentum of late: private equity and venture capital.

In 2015, Chinese companies collectively invested US\$3.38

billion into Indian startups. This period marks an inflection point in economic relations between China and India. No longer content supplying goods to India,

China now wants to place bets on India's growth. Chinese tech giants have invested more in Indian startups in the last two years than they did in the entire preceding decade. Is this sudden interest an anomaly or a trend?

## TRACKING THE DEALS

Barring a few exceptions, most of the funding coming from Chinese tech giants into technology-based Indian startups in the past two years has been in the mobile, transportation, e-commerce, adtech, pharma, and energy sectors.

In September 2015, Alibaba invested US\$680 million in One97, the parent company of Paytm, a popular Indian mobile payment app that consumers can use to pay utility bills, book movie tickets, flights and hotels, and even do shopping. Later, in collaboration with Taiwan-based Foxconn and Japan's Softbank, Alibaba also invested US\$500 million in Snapdeal, a popular online shopping portal that competes with Amazon India and local competitor Flipkart.

Tencent is the other tech giant that has made multiple strategic investments, starting with US\$120 million in Practo, an app that aggregates information about doctors and diagnostic labs in India – much like a search engine for medical services. The second investment by Tencent in partnership with Foxconn was worth US\$175 million, for Hike, an Indian messenger app that competes with WhatsApp, Telegram, and

other mobile instant messaging apps.

These initial investments by Alibaba and Tencent started a veritable chain reaction of funding that has since carried over to other industries as well.

Chinese cab-sharing company Didi Chuxing, known best for beating Uber in China, invested US\$900 million in Indian cab-sharing company Ola, in an attempt to further break Uber's monopoly and extend its own global dominance by teaming up with Lyft and GrabTaxi.

Then last year,

communications company Miteno Communication Technology acquired Indian adtech company Media.net for US\$900 million. Started by serial entrepreneur Divyank Thurakhia, Media.net is a popular display ad network that competes with the likes of Google, AOL, Yahoo and many others in the online advertising space.

So far, though, the biggest completed deal has come from Shanghai Fosun Pharmaceuticals, who put in an unprecedented US\$1.27 billion to acquire a majority stake in Indian

One of the main reasons for this surge in interest is attributed to Chinese giants wanting to replicate their own models of success in the nascent Indian market, where things are just beginning to gain traction in the world of startups.





Paytm is the Indian version of Alipay, which gets its name from “Pay through Mobile”. Its founder Vijay Sharma, inspired by China’s Alibaba and Japan’s SoftBank, aimed to promote mobile payments among ordinary people in India to keep their hard-earned money safer. Furthermore, the platform enables people to transfer money to their families anywhere and anytime. Thanks to the platform, the QR codes are now seen even at vegetable stands in Delhi. courtesy of Ant Financial

pharmaceutical company Grand Pharma.

#### IT’S ABOUT MORE THAN JUST MONEY

All these deals, completed between 2015 and now, represent the larger chunk of investments that have rolled in. All of those that have received the most media attention, have a minimum deal size of US\$100 million. Needless to say, there are many other, smaller deals happening much more frequently.

“It’s not just about big Chinese players hedging their bets on the biggest firms in the Indian ecosystem. While Paytm and Ola are solid examples, things like Fenqile funding KrazyBee for micro-credit operations slip under the radar,” adds Anmol Soin, founder of the Initiative for Policy Research and Analysis. “It’s not just about how the money can help them move ahead. With technological

know-how, customer analysis, use cases and digital infrastructural support, the big Chinese players can accelerate the growth of much smaller Indian firms,” he says.

One of the main reasons for this surge in interest is that Chinese giants want to replicate their own models of success in the nascent Indian market, where things are just beginning to gain traction in the world of startups.

For instance, Alibaba is not only bringing in its money when it invests in Paytm and Snapdeal, but also its expertise from its e-commerce operations in China, where it handles business for over 25 million unique visitors each day on its website. So, in a sense, both these startups operate in spaces that are familiar territory for Alibaba.

For Tencent too, the reasons for investing are somewhat similar. The landscape is familiar, and

India has a huge and growing base of data-connected mobile users. In addition, services that already have some traction are only expected to grow in size and revenue in the future.

Didi Chuxing has its own reasons, and the investment works for them on so many levels: They gain a slice of the Indian private transportation market, they can assist Ola with the technology they’ve built and the business practices they’ve learnt in China – and, last but not least, the arrangement helps Didi Chuxing build a network strong enough to rival Uber.

Another reason behind the general trend of increased funding is that traditional means of investment just don’t promise the same kind of returns as a successful startup venture – at least in theory. The idea is to catch them young and capitalize on the exponential growth. There are, of course, no guarantees, and the risk is higher, but so is the reward.

A prominent Singapore-based investor says, “A lot of Chinese investors that I know believe that the tech market in China is overvalued, and they’re already exposed to Silicon Valley too, whereas in India you still have the scale but not the valuation. Another reason for this inflow is that, historically, Chinese firms have never really made a lot of money in India, and generally, tech has a cleaner image in terms of less corruption and more efficient dealings with the government, so this may be the best place to start making

inroads here.”

Traditionally, language has been one barrier that has impeded business collaboration between the two countries, but that seems to matter less and less now as both sides understand the scope of business and opportunities.

#### NO SIGNS OF SLOWING DOWN

It’s not just that the money is coming in; that’s only half the story. The other half is about the increasing acknowledgment of and support for exchange and regulatory agencies, and new initiatives aimed at making it easier for Chinese investors to fund Indian startups.

The Shenzhen Stock Exchange (SZSE) is the largest stock exchange in China, according to trade volume. This April, it announced that it was creating a platform called The

Tech 2.0, with the aim of helping Chinese investors to fund Indian technology-based startups.

The platform will help with decentralizing information, and will more seamlessly connect Indian startups with private equity and venture capital investors in China. There are platforms such as Let’s Venture and Equity Crust in India that enable venture funding, but they’re outside the purview of exchange and regulatory authorities.

Back in 2014, the Securities and Exchange Board of India (SEBI) proposed a platform similar to the Shenzhen Stock Exchange, but it failed to take off due to a lack of takers and traction. The landscape has obviously changed in the last few years, and Shenzhen is now even open to partnering with Indian exchanges.

In addition to support from exchanges and regulatory

agencies, ground investor initiatives are also picking up the pace. In March this year, the Chindia TMT Dialogue Conference organized by Chinese accelerator and venture-fund ZDream saw 40 Indian investors and entrepreneurs travel to China and visit companies like Alibaba, Baidu, Xiaomi, Tencent, and Huawei in order to better understand the country’s business climate.

As the two largest developing economies in the Asia-Pacific region, there is immense potential for strategic collaboration outside of trade for China and India. For decades, Chinese investors seeking to invest in the information technology, agriculture and pharmaceutical sectors in India have been thwarted by the political barriers that exist between the two nations. Fortunately, the last two years have gone some distance in showing that market economics in a capitalist world does not necessarily subjugate itself to politics.

Increasing interest from Chinese investors, the growing startup culture in India, and support from exchange and regulatory agencies are factors that are now finally coming together to ensure that this trend is only moving upwards. 📈

On March 8, 2017, He Xiaopeng, president of Alibaba Mobile Business Group, announced at a press conference in New Delhi that Alibaba Group would make massive investments in India to boost business development. [IC]



The author is a writer and marketer, currently working for AdPushup, a series A-funded tech startup. He tracks startup culture and how startups disrupt markets and industries.

# Empowering India

By Zhang Xue

One Chinese company saw an opportunity in India's power shortages. Its sharp performance record has won the company a sterling reputation abroad, and made it the largest foreign power station contractor in India.

Along the western bank of the Bay of Bengal, 25 kilometers south of Cuddalore in southern Tamil Nadu, India, is a coal-fired power plant built by SEPCOIII Electric Power Construction Corporation (hereinafter referred to as SEPCOIII) from China. Completed on schedule, the project has greatly alleviated power shortages in the states of Andhra Pradesh and Telangana.

Since entering the Indian market in 2005, SEPCOIII has constructed six large power stations in five states, creating total installed capacity of more than 10,770 megawatts, about 5.7 percent of India's total market. With a contracted value of over US\$7.3 billion, these projects have offered more than 40,000 jobs, making it the largest foreign power station contractor in the country.

## POWERFUL RESULTS

Duan Liandou presides over

the company's Indian business and manages the coal-fired power plant in Cuddalore.

Duan first visited India in 2006 as project manager of a 1x135MW circulating-fluidized-bed power station in the city of Bikaner, Rajasthan, in northwestern India. "I was in the middle of nowhere in a totally new culture," he recalls.

Born near the sea, he had never experienced such dry, hot desert weather. "In 2002, our company took its first overseas order from Nigeria, followed by many other places around the world," Duan grins. "We arrived in the Indian market in 2005."

He soon accepted that the only way to secure work overseas was to adapt to the climate. He has worked in India for the past 11 years, in regions ranging from the desert hinterlands in the northwest to the Bay of Bengal in the northeast. The company now considers him an "India hand."

"We have reinforced our

firm foothold here with better plans for cost performance and stronger executive force than our rivals," he asserts.

Duan was very proud when the Cuddalore project began operation. "Usually after the design is completed, we'll do a pilot run of the unit to test its reliability," he explains. "We'll shut it down and check for any technical faults.

Fortunately, everything ran smoothly during the entire test, which impressed the Indian proprietor tremendously. He said, 'I've witnessed these tests many times, and they always have problems. I've never seen a plant pass on the first try.'"

Such a sharp performance record has won the company a sterling reputation abroad. SEPCOIII signed a contract to build the second phase of the same project, worth US\$2.4 billion.

The Indian government amended its environmental protection law at the end of 2015, lowering its emission limit significantly and



SEPCOIII has contracted India's largest foreign-funded power plant, Jhajjar Power Plant, which began operation in 2012.

tightening the standards for power plants' emissions treatments, especially desulfuration, denitration, and dust-extraction.

In 2012, the company built India's Jhajjar Power Plant in compliance with all emissions

**"Going global" cannot succeed without localization, especially in terms of human resources. Not only can localization minimize the company's costs, it also creates plentiful job opportunities for locals.**

standards. As the first coal-fired power generation project with desulfurizer in India, its

nearly-zero-discharge value makes it the first environmentally friendly power plant in the country. The project turned out to be a major milestone in overseas thermal power projects by Chinese companies and won numerous honors including a 2012 Outstanding Infrastructure Award, the top honor for infrastructure construction in India, the 2013 Lu Ban Award for Chinese Construction Projects ("Overseas Projects" Category) in 2013, the China Power Excellent Engineering Project Award, and China's National Excellent Welding Project.

## NEED FOR LOCALIZATION

Duan Liandou is only one of many Chinese engineers working overseas. His company's "going global" policy has fostered a wealth of talented personnel with international vision.

However, "going global" cannot succeed without localization, especially in terms of human resources.

Not only can localization minimize the company's costs, it also creates plentiful job opportunities for locals.

"Our company's ratio of Indian versus Chinese employees has grown from the original 1:1 to 3:1," illustrates Duan. To help local employees get up to speed more quickly, the company has implemented the "master-apprentice" mode, a traditional Chinese method of training new employees. A Chinese "master" guides three local employees in a certain task until they are each able to perform it independently.

At construction sites, dual cafeterias frequently deliver both Chinese and Indian food with an eye on respecting local dietary habits and letting the local employees feel equally treated. But the two are far from segregated: "Many Indian employees frequently dine in the Chinese dining hall and vice versa," grins Duan.

"More and more Indian

employees have gained a sense of belonging in our company,” continues Duan. “We now have many Indian employees who volunteer to work on other projects in diverse locations. Moreover, we promote from within and offer plenty of opportunities to move up: Some Indian employees now work in our headquarters in Qingdao, Shandong Province. Others have been dispatched to the Middle East to help with our projects there.”

**PROMISING PROSPECTS**

As an emerging economy enjoying high-speed economic development, India has endured severe power shortages. Analysts predict that the Modi administration’s “Make in India” program will lead to explosive growth of demand for electricity in the years to come. The possibility of unexpected power cuts severely damages foreign investors’ faith in India-based production.

During his tenure as chief minister of Gujarat, Narendra Modi went to great lengths to ensure the state had a 24-hour uninterrupted power

supply, making it one of the few regions in the country to avert blackouts. His performance in this realm specifically inspired great expectations from the public when he assumed the role of prime minister. India’s rapid development in recent years has resulted in high demand for energy.

“I’m going to explore the Indian market more deeply,” says Duan. “The country has suffered a downturn in power construction over the past few years, ostensibly due to an underdeveloped power grid, incapable of handling current levels of production and still leaving many places without access to power. The country’s inefficient delivery system is glaring.”

Reports by India’s Economic Times support Duan’s opinion. Per the publication, more than 300 million Indians in rural areas survive without electricity. Surveys completed a year after Prime Minister Modi took office showed that more than 18,000 villages had no access to power.

As estimated by India’s Planning Commission, by 2031, India will need three to



More than 300 million Indians in rural areas survive without electricity

four times its current supply of energy, and five to six times more if its annual economic growth stays at 8 percent.

In recent years, guided by the framework of the Belt and Road Initiative, greater numbers of Chinese enterprises have explored overseas business opportunities, so SEPCOIII can’t rest on its laurels. “We just signed a contract to build the second phase of the Cuddalore project,” Duan beams. “Along with construction, we have invested in several additional projects in the hope of staying involved in the post-completion operation and administration of power stations to expand our company’s business scope.”

During his visit to Shanghai on May 16, 2015, Prime Minister Modi held a roundtable meeting with 25 entrepreneurs from Chinese energy companies including TBEA Co., Ltd., Harbin Electric Corporation, Dongfang Electric, Hareon Solar and Trina Solar Limited, outlining his vision for future energy-sector cooperation between China and India. [6]



Surveys showed that more than 18,000 villages in India had no access to power

# Battling the Imbalance India’s Growing Trade Deficit with China

By Chaitanya Mallapur

With India’s imports from China far outstripping its exports, the trade deficit has become a cause for concern.

India skipped the Belt and Road Initiative (BRI) forum hosted by China in May this year, which was attended by leaders of 29 countries and delegations from over 100 nations. The project aims to connect Asia, Europe and Africa through rail, road and sea links for the purpose of trade across regions. China plans to invest US\$800 billion over the next five years in the Initiative.

The question that emerges in the minds of many is: Has India missed out on the opportunity to recover its trade deficit with China by refraining from participating in the BRI?

China’s economy got a tremendous boost since its economic reforms in the early 1980s, overtaking Japan in 2010-11 to become the second largest economy in the world.



In many Indian cities, advertisements and stores for Chinese mobile phone brands like Lenovo, Xiaomi, OPPO and Huawei can be seen almost anywhere. And Chinese mobile phones have been warmly welcomed by most Indian customers, especially the Xiaomi brand. Not only has the company established factories in India, but also invested in expanding distribution channels and building a complete ecological industrial chain in India. It has made major gains in the country as evidenced by its increasing market share. [VCG]

Today, it stands as a global manufacturing powerhouse and the largest exporter of goods in the world. On the contrary, India is an emerging economy which is a strong competitor for China, but still is a net importer of goods, despite liberalizing its economy in the 1990s.

Indian markets are flooded with 'Made in China' products, ranging from cell phones, laptops, apparels, toys, home appliances, solar cells to Ganesh idols. China is India's largest global trading partner, with bilateral trade valued at US\$70.72 billion in 2015-16.

India's import from China was over six times its export that year, and there has been growing concern over this persistent trade imbalance. The Indian government is trying to address this issue at various levels with its Chinese counterparts. "India is seeking greater market access for its exports in the Chinese market for products such as pharmaceuticals, IT services, agriculture – fruits, vegetables, buffalo meat, non-basmati rice, etc," said Minister of State for Commerce and Industry, Nirmala Sitharaman, during a parliamentary session in

**India's import from China was over six times its export that year, and there has been growing concern over this persistent trade imbalance. The Indian government is trying to address this issue at various levels with its Chinese counterparts.**

**India's exports to China plunge over the last five years**  
(Figures in US \$ billion)

Years	2011-12	2012-13	2013-14	2014-15	2015-16
Import	55.31	52.25	51.03	60.41	61.71
Export	18.08	13.53	14.82	11.93	9.01
Total Trade	73.39	65.78	65.85	72.34	70.72
Trade Deficit	37.23	38.72	36.21	48.48	52.7

Source: Ministry Of Commerce, Government of India

December 2016.

**INDIA'S TRADE DEFICIT WITH CHINA SPIKES OVER THE LAST FIVE YEARS**

India's trade deficit with China has increased by 42 percent from US\$37.23 billion in 2011-12 to US\$52.7 billion in 2015-16, according to the data of the Ministry of Commerce of the Government of India.

India's exports to China registered a 50 percent decline from US\$18.08 billion in 2011-12 to US\$9.01 billion in 2015-16, while imports grew by 12 percent from US\$55.31 billion in 2011-12 to US\$61.71 billion in 2015-16, adding to the trade imbalance.

The trade deficit is attributed to increased dependency on manufactured goods and products from China, while India's exports

to China consist of primary and intermediate products.

India's major imports from China consist of telecom instruments, computer hardware and peripherals, fertilizers, electronic components, organic chemicals and drug intermediates, consumer electronics, electrical machinery, iron, steel, etc. Exports include cotton, copper and articles, organic chemicals, mineral fuels and oil, salt, plastering materials, plastic and articles, animal/vegetable oils and fats, etc.

**PRICING AND COMPETITION INTENSIFY IMBALANCE**

Cotton is the largest exported commodity to China but there has been 58 percent decline over the last five years, from US\$4.02 billion in 2011-12 to US\$1.69 billion in 2015-16. This slowdown is attributed to a drop in demand from China and the impact of abolishing cotton stockpiling scheme by the Chinese government, announced in 2014. Also, Indian cotton faces tougher competition from Vietnam, as China allows zero import duty from its Southeast Asian neighbor, compared to 3.5



**India needs to tap into this opportunity, which will help transform it into a global manufacturing hub, joining the global supply chain.**

percent import duty on Indian exports.

Another important aspect is the competitive prices of Chinese products in the Indian market. For instance, Chinese solar panels are 10-20 percent cheaper compared to domestically manufactured modules. Over the last five years, India's import of solar panels (solar and photovoltaic cells) from China have increased by 240 percent from US\$577 million in 2011-12 to US\$1.96 billion in 2015-16.

India does not have enough manufacturing capacity currently for solar cells and modules to cover full demand. We are dependent on imports, and China is our biggest supplier of solar cells and modules, said Minister Sitharaman in a March 2017 parliamentary session.

If not addressed in time, the rising trade imbalance between the two nations will increase India's debt burden.

On the domestic front, it will heavily impact the local manufacturers and sellers in India, disturbing the economic cycle with no buyers left for Indian products in the market.

**EYEING CHINESE FDI**

India will have to pull in more Chinese investments into Indian markets. The share of China's FDI equity inflows to India's overall FDI inflows was just 0.51 percent from April 2000 to September 2016. The cumulative FDI equity inflows from China to India stood at US \$ 1.59 billion over the same period, of which 77 percent came in post April 2014.

The sectors which receive most investment from China include the automobile industry (59 percent), metallurgical industries (11 percent), services (7 percent), electrical equipment (5 percent) and industrial machinery (4 percent). India

will have to improve upon its 'Ease of Doing Business' to facilitate more Chinese investments in other sectors. In addition, India will need to dive deep into Chinese markets, understanding their domestic needs and catering to household consumer demands in China.

**MANUFACTURING REVOLUTION – THE WAY AHEAD FOR INDIA**

The manufacturing sector in China is said to be facing some changes in the coming years with rising labor costs. This has made manufacturing companies in China shift towards low labor cost countries like Bangladesh, Laos and Africa.

India needs to tap into this opportunity, which will help transform it into a global manufacturing hub, joining the global supply chain. This will address India's growing consumer demands, generate jobs, ensure competitiveness and most importantly, bridge trade deficit gap by reducing imports and boosting exports.

To bring this distant dream into reality, the 'Make in India' call by Prime Minister Modi will have to be effectively transformed into a brand: 'Made in India'. For this, the government will have to channelize policies focusing on quality-led manufacturing, competitiveness, innovation and technology driven equipment and machinery. ■

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



# What Are India's Concerns about the BCIM Economic Corridor?

By Liu Zongyi

For the BCIM Economic Corridor, India has clearly adopted a “delay & replace” policy. It aims to strengthen its domestic infrastructure and connectivity as well as such construction with neighbouring countries, and will only talk with China on connectivity cooperation after it cements its influence in the region.

**T**he Bangladesh-China-India-Myanmar (BCIM) Economic Corridor is an initiative conceptualized to enhance cooperation in transport, infrastructure, economy, and trade within a certain zone. The proposed corridor starts in the southwestern Chinese province of Yunnan and traverses Myanmar, northeastern India and Bangladesh before finally reaching Kolkata in India. Southwestern China, northeastern India,

Myanmar, and Bangladesh are economically undeveloped compared to many other places in the area. Construction of an economic corridor at the national level is conducive to complementing the advantages of various parties, forming a reasonable international division of labor and promoting industrial restructuring to accelerate sub-regional economic development. Completion of the economic corridor will facilitate the joint

development of South Asia, Southeast Asia, and East Asia.

## THE THIRD BCIM ECONOMIC CORRIDOR MEETING AS A LATECOMER

The idea of economic cooperation within the BCIM region was first proposed by academic circles in China's Yunnan Province in the late 1990s. The pioneering ideas received a positive response from academic circles of the other three countries. In May 2013, during Chinese Premier Li Keqiang's visit to India, he

formally proposed the idea of constructing the BCIM Economic Corridor. Both sides agreed to cooperate on big projects involving infrastructure and industrial parks and advocated promoting the linkage of Chinese and Indian markets through construction of the BCIM Economic Corridor. The then Prime Minister of India, Manmohan Singh, responded positively to the idea of building the economic corridor. India's Ministry of External Affairs quickly set up a special workshop to coordinate the proposed initiative.

The First BCIM Economic Corridor Meeting was held in Kunming, capital of Yunnan Province, in December 2013. During the meeting, the four nations reached consensus on common development, joint construction, and setting up development and cooperation platforms for under-developed areas within BCIM. In December 2014, the Second BCIM Economic Corridor Meeting was held in Cox's Bazar, Bangladesh. The four nations discussed and envisioned cooperation and related mechanisms to promote cooperation in major fields including connectivity, energy, investment and finance, trade facilitation, sustainable development, poverty reduction, people-to-people exchange and human resources. During the meeting, the countries pledged to accelerate construction of the BCIM Economic Corridor and decided to convene the third meeting in India's Kolkata in

the second half of 2015. By then, a joint research report by the four nations was to be released and discussions held on establishing an intergovernmental cooperative mechanism.

However, only recently was the third meeting held in Kolkata, on April 25. During the meeting, each of the nations submitted their respective reports on the goal, mode, general principles, enforcement mechanisms for the construction of the BCIM Economic Corridor. They agreed to schedule a fourth meeting in Myanmar in 2018 to complete the final research report on the Corridor. China had hoped to complete the final report at the Kolkata meeting and had drawn up a proposal on the establishment of an intergovernmental cooperative mechanism for the Corridor. But the draft was never discussed at the Kolkata meeting, and no substantial progress was

made at that time.

Scholars and officials from India, Myanmar and Bangladesh have shed significant light on the reasons that the BCIM Economic Corridor hasn't progressed substantially. Most Indian scholars say that problems like the unstable political situation in Myanmar, inactive attitude of the Myanmar government, border disputes between Myanmar and Bangladesh and refugee issues have hindered the construction of the BCIM Economic Corridor. Representatives of Myanmar and Bangladesh tend to agree in general terms. They all point out, either directly or indirectly, that India's reluctance and delay is the major roadblock hindering the construction of the BCIM Economic Corridor. The problems in Myanmar and Bangladesh cited by India are real, but Bangladesh has been active



May 16, 2017: Oil transported through the China-Myanmar crude oil pipeline enters China via Ruili City in Yunnan Province. In the days that followed, the oil traveled through China at a speed of 50 kilometers per day before arriving in Anning City, Yunnan Province. Formal operation of the China-Myanmar crude oil pipeline project began in April 2017. The project will not only bring tangible economic and social benefits to Myanmar, but also boost the economic development of southwestern China. by Yao Bing/Xinhua

## The fundamental reason for the Indian government's lack of support for China's Belt and Road Initiative, including the BCIM Economic Corridor, is that India doesn't trust China.

in terms of promoting BCIM Economic Corridor's construction. As for Myanmar, since Aung San Suu Kyi took office in 2016, the country's attitude towards China and the BCIM Economic Corridor has changed drastically. Now, the China-Myanmar Oil and Gas Pipelines are operating, and Myanmar hopes to expand cooperation with China. Neither Bangladesh nor Myanmar wants to see the construction of the BCIM Economic Corridor slow down.

### NEGATIVE ATTITUDE OF THE MODI GOVERNMENT

During the Manmohan Singh administration (2004-2014), India held a generally positive attitude towards the BCIM Economic Corridor and even the Belt and Road Initiative (BRI) as a whole. On February 11, 2014, during a meeting with China's State Councilor Yang Jiechi, Manmohan Singh, then Prime Minister of India, said that India would actively participate in the construction of the BCIM Economic Corridor and the Silk Road Economic Belt.

However, since Narendra Modi took office in 2014, India's attitude towards the

BCIM Economic Corridor has changed. The Modi government's attitude towards the different parts of BRI takes on three different looks: First, conditional participation; Second, opposition and hedging; Third, delay and replacement. For the BCIM Economic Corridor, India clearly practices the "delay & replace" policy. Because of India's delays, the second BCIM meeting was postponed from early 2014 to late 2014, and the third meeting from 2015 to 2017. However, during the same period, India actively promoted the Bangladesh, Bhutan, India, Nepal (BBIN) Initiative, a sub-regional program involving countries in South Asia, and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), an international organization involving a group of countries in South Asia and Southeast Asia. Also, alongside the U.S. and Japan, India is promoting the Indo-Pacific Economic Corridor.

India originally offered to host the third BCIM meeting in Kolkata to promote its Look East Policy and enhance connectivity with Southeast Asia by using Bangladesh as a

"land bridge." During the meeting, the Indian delegation raised the questions about equal market openness and the underdevelopment of Bangladesh and Myanmar. It continued delaying and even damaged the BCIM Economic Corridor, and related multilateral cooperation with problems concerning the bilateral trade relations between China and India.

### CONNECTIVITY BASED ON TRUST

The fundamental reason for the Indian central government's nonsupport of BRI, including the BCIM Economic Corridor, is that India doesn't trust China. In fact, various states in northeastern India and the eastern Indian state of West Bengal are very active in promoting the Corridor. However, since the border issue between China and India has yet to be solved and separatism still exists in northeastern India, India cannot ignore the strategic and security significance of the BCIM Economic Corridor, even just as an initiative on sub-regional economic cooperation. India's former Foreign Secretary Shyam Saran once commented that the BCIM Economic Corridor could provide China with direct access to the Indian Ocean. Thus, it actually is a part of the Maritime Silk Road. If China wants to jointly build the BCIM Economic Corridor with India, it should hold talks with India on an equal footing and find avenues to

realize peace and mutual benefits. The border disputes should be solved anyway to enhance strategic mutual trust between the two countries.

However, in the past few years, senior advisors of the Modi government have focused on geopolitical competition between China and the U.S., between China and Japan, and between China and India, which severely mangled India's foreign policy. They looked at the China-proposed BRI and the BCIM Economic Corridor as moves to gain spheres of influence. They decided that the Belt and Road would greatly enhance China's influence on neighboring countries' economics, politics and security, and worried the Initiative would diminish India's advantages in the region. Their proposed solutions include enhancing cooperation with Japan, strengthening domestic infrastructure and enhancing connectivity with neighbouring countries. India will only talk with China on connectivity cooperation after it cements its influence in the region.

In fact, scholars from Bangladesh proposed "multiple paths" long ago. They are quite discontented with the slow progress of the BCIM Economic Corridor at present. They hope to promote construction of the BCIM Economic Corridor through fast-track measures and open up the "southern route" without the missing routes to connect deepwater ports in Bangladesh through Myanmar's Rakhine State. China could access the Indian



South Asia Communication Satellite was launched from the Satish Dhawan Space Centre in Sriharikota on May 5, 2017. This satellite will provide services including communication, weather forecast and disaster warning to some South Asian Association for Regional Cooperation (SAARC) countries. [IC]

Ocean through Yunnan Province and Myanmar alone if it really wanted. Last April, the China-Myanmar crude oil pipeline project began formal operation and was soon praised as an exemplary BRI project that set a good foundation for further cooperation between the two countries.

India, Bangladesh and Myanmar are all founding members of the Asian Infrastructure Investment Bank (AIIB). Bangladesh and Myanmar have also participated in the Silk Road Fund, a fund founded by China to provide investment and financial support for

trade and economic cooperation and connectivity under the framework of Belt and Road. Some local governments in India have always been supportive of China-India cooperation and welcome Chinese investment in their regions. Under the frameworks of AIIB and the Silk Road Fund, some infrastructure projects and industrial projects related to the BCIM Economic Corridor are still possible. ☞

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# BCIM-EC

## Reviving the Traditional Roads

By Rajen Singh Laishram

Despite efforts, the ambitious initiative aimed at boosting trade and investment between Bangladesh, China, India and Myanmar remains in a state of inertia.

The Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC) is in a state of limbo. The third

meeting of the Joint Study Group of academics and officials, held in Kolkata in April 2017 to finalize a road map for the economic corridor, ended

inconclusively. Commenting on the matter, Rajeet Mitter, head of the Indian delegation, said that the BCIM countries are “currently at different levels

On June 12, 2017, the 2017 South & Southeast Asia Commodity Expo and Investment Fair opened in Kunming, capital of the southwestern Chinese province of Yunnan. [VCG]



of development”, thereby requiring awareness of “different domestic circumstances and developmental aspirations”. India’s failure to participate in the Belt and Road Forum summit, which was attended by over 130 countries and 29 foreign heads of state and government leaders, sends worrying signals about the country’s commitment to the BCIM project.

The inertia surrounding the BCIM-EC is rooted in distrust, despite the countries’ rhetoric about good neighbourliness. Different political traditions and systems, trade deficits, unbalanced security situations, unsettled boundary questions, cross-border migration and competing strategies for advancing political ambition are all contrary to the spirit of the Kunming Initiative – precursor to the BCIM-EC. However, significant strides have been made in the form of the BCIM meeting, organized almost every year, which has rotated among the four member countries since 1999, and the completion of the Kunming to Kolkata (K2K) Car Rally in February 2013. Besides, the BCIM Forum was upgraded into an economic corridor project in May 2013.

### INTENT AND REALITY

The stated focus of the Kunming Initiative and its off-shoot, the BCIM-EC, is the land-locked area of southwest China, northeast India, northeast Myanmar and Bangladesh, where a high

concentration of poverty persists. Following the BCIM’s upgrade to economic corridor status, however, attention seems to have shifted from overland connectivity to maritime routes. This ignores the fact that land transport accounts for at least 65 to 70 percent of freight transportation in South Asia.

On top of this, the distance between northeastern Indian states and India’s trade centres like Mumbai, is over a thousand kilometres. Thus, the states in India’s northeast pay an additional 5.6 percent for shipping and as much as 63 percent extra for freight and insurance for the same goods. The cost of logistics and damages adds 60 percent to the cost of a bag of cement,

and 14 percent to general cargo, transported from Kolkata to the northeast. It is reasonable to imagine similar handicaps in the mountainous frontier areas of Bangladesh, China and Myanmar.

The feasibility of overland connectivity has been explored through the BCIM Car Rally. A recent survey along the road between Moreh (an Indian town on the India-Myanmar border), Mandalay (the second-largest city in Myanmar) and Ruili (a Chinese city on the China-Myanmar border) records a two-way movement of 4,000 trucks every day. Of these, only about 10 to 15 trucks find their way to Tamu in Myanmar or Moreh in India.

After experiencing the road conditions in the Indian cities

**India’s failure to participate in the Belt and Road Forum summit, which was attended by over 130 countries and 29 foreign heads of state and government leaders, sends worrying signals about the country’s commitment to the BCIM project.**



Four meetings of BCIM-EC Joint Study Group have been held since 2013.



January 28, 2015: The ceremony of the pre-production of the China-Myanmar crude oil pipeline is held in Rangoon. Through the pipeline, the oil that China imported from the Middle East, can be transported to China's southwest through Myanmar, instead of being transported through the Strait of Malacca, cutting the transportation time by half. [VCG]

of Silchar, Imphal and Moreh, many non-official visiting delegations of academics, policymakers and entrepreneurs from Cambodia, the European Union, Indonesia, Japan and Myanmar have drawn the conclusion that the Indian government is not serious about surface connectivity. Surprisingly though, in rhetoric, the state of Manipur in India's northeast has been projected as the 'Gateway' to Southeast Asia.

#### PEARL RIVER CONSENSUS

Provinces in China are collaborating to make the BCIM-EC a part of the Belt and Road Initiative. The possibility of strengthening policy coordination, achieving pragmatic cooperation, and ensuring political stability and continuity under a legal framework were deliberated as part of the Consensus. To facilitate these processes, land ports and main cities were identified, and methods were proposed to expedite connectivity, as well as promote scholarly exchange

and people-to-people ties along the South Silk Road.

Chinese enterprises and entrepreneurs were encouraged to adapt to local conditions while undertaking projects along the BCIM-EC, to dispel locals' groundless fears about Chinese domination. In the context of the rise of Asia in the global political-economic process, it was stressed that working jointly within the sub-region could lead to a win-win situation.

#### MYANMAR AS A PIVOT

Situated at the strategic junction of East Asia, South Asia and Southeast Asia, Myanmar stands exactly midway between Delhi, Mumbai and Shanghai. It is indispensable for any emerging economic corridor due to its strategic location and rich natural endowments. On top of this, Myanmar's participation in the BCIM has been exemplary, and this, coupled with a disciplined workforce, makes Myanmar an asset to the continuation of the BCIM-EC. An assertive

Myanmar is chalking out new development agenda, a foreign policy with a focus on regional cooperation, and new industrial and foreign investment policies.

Myanmar shares a 1,648-kilometer border with five Indian states. Estimates by the Indian Institute of Foreign Trade put the informal trade through the border points at 20 billion rupees annually. Myanmar has also begun prospecting for opportunities in India's northeast. The mutual visits from respective provincial political leaders have paved the way for the continual presence of a delegation from Myanmar in the annual Sangai International Festival in Manipur and International Hornbill Tourism Festival in Nagaland.

#### PROVINCIAL INITIATIVE

Former Manipur Chief Minister Okram Ibobi Singh did explore possible areas of cooperation and investment with Myanmar, China and Japan as a part of the Look East policy, which began in 2013. Singh also sought investment from both China and Japan for infrastructure development in Manipur, and discussed bilateral trade and commerce, investment, tourism and city development.

On November 21, 2013, the first flight from Myanmar arrived in Manipur, coinciding with the Sangai Festival. It is Manipur's biggest annual tourism fair, showcasing cultural heritage, eco-adventure activities, local food, handlooms and

handicrafts. The festival draws participants from Bangladesh, China, Japan, Thailand, the U.K., and the U.S. Similarly, in the annual Hornbill Festival, the Nagaland government hosts people from India's neighbouring nations, as well as the U.S. and the U.K. The number of Myanmar students and citizens visiting Manipur Central University by road, for academic exchange and medical treatment in the hospitals at Imphal, is increasing.

Nagaland State also inaugurated an international trade road from Myanmar, connecting Longwa in the Mon district of Nagaland via Lahe in Myanmar, in April 2013. For the first time, the Chairman of the Naga Self-Administrative Zone of Myanmar, U Ru San Kyu, visited Longwa from Myanmar, thus signalling the interests of Myanmar.

#### A BETTER WAY

Perceived frictions between China and India have put the brakes on the BCIM-EC. India's Act East policy and

participation in initiatives such as the Ganga-Mekong Subregion, Greater Mekong Subregion, BIMSTEC, and BBIN, appear innocuous and well-intentioned against the background of almost 700 Regional Trade Agreements around the globe. But many of India's policy pronouncements are often interpreted as strategies to counter China's Belt and Road Initiative.

At the same time, India often questions the political loyalty of the people in its northeast. Diplomat Ashok Sajjanhar has observed that "given China's greater economic and strategic might," it is likely that the BCIM-EC "will bring India's northeastern states under the increasing influence of China, further weakening their physical, economic, social and emotional chord with mainland India." With such a trust deficit existing within the country, meaningful sub-regionalism is a distant dream. Experimenting with "participatory regionalism" as in Southeast Asia may strengthen the Kunming

process.

Northeast India has large market potential, with a population of almost 50 million. Information technology, computer hardware and housing materials are increasingly sourced from China, all through grey areas of trade. The huge market potential of the region is yet to be explored, as it opens up and links to the market for the first time in half a century. Formalizing these trades will open up many other avenues of opportunity. Geographically, almost 70 percent of northeast India is mountainous, and the same can be said of north and northeast Myanmar. Chinese expertise in connecting mountainous provinces through tunnelling for high-speed trains could be used to bring much-needed connectivity to this region.

Nurturing relationships between participating countries is a great challenge or, as the Chinese adage goes, is like joining a broken mirror. But no statesman can ignore the wishes of the people, and to that end, we all have social responsibilities. It is not a case of building new roads, but reviving traditional roads instead. As Lu Xun put it, "For actually the earth had no roads to begin with, but when many men pass one way, a road is made". This overland connectivity has the potential to become the road of the BCIM-EC. 🇮🇳



April 15, 2015: A floating crane leaves for Bangladesh from Qingdao. It will join in the construction of Padma Bridge, contracted to build by China Railway Major Bridge Engineering Group. As a crucial channel of the Pan-Asia network, the bridge is the biggest international bridge project constructed by a Chinese enterprise. [VCG]

The author is a faculty member in the Department of Political Science at Manipur Central University.

# E-Commerce Electrifies the Online Silk Road

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

Global economic growth has been tepid since the 2008 financial crisis, but e-commerce, new business infrastructure based on digital technology, has boomed around the globe, continuously expanding the 'new economy.' Thriving e-commerce platforms improve the foundation on which universally beneficial

trade can be conducted. Strengthened cross-border e-commerce facilitates international trade and benefits local people.

The Online Silk Road is an information economy belt based on the idea of 'Internet Plus' with an aim to strengthen connectivity and information communication through joint efforts between China

and other countries along the Belt and Road routes. It will minimize the digital gap between countries, regions and peoples, and unleash data dividends. The growth of e-commerce boosts the construction of the Online Silk Road, which also promotes other internet realms in countries along the Belt and Road routes.

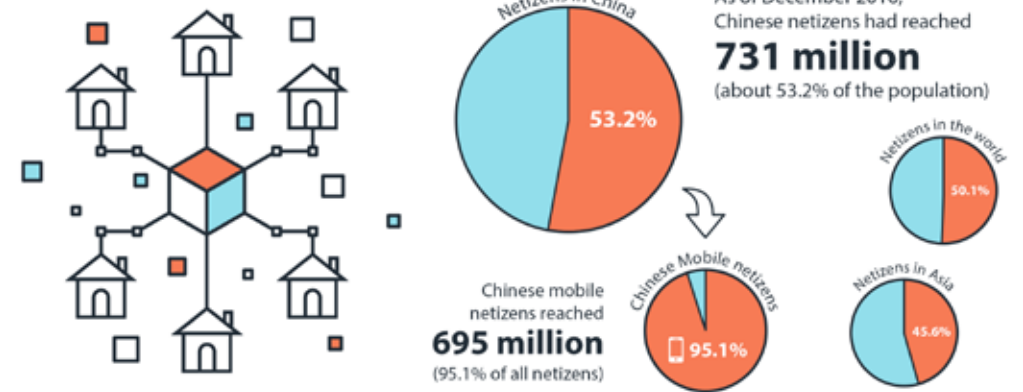


## E-Commerce Fueling the Chinese Economy

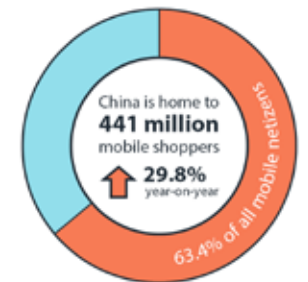
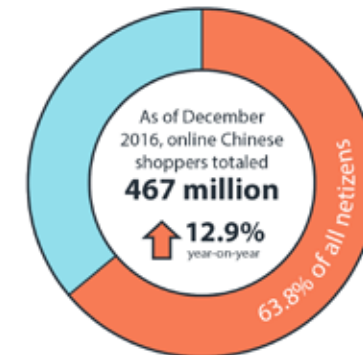


With an annual increase of 26.2% in 2016, China's online retail sales totaled **5.2 trillion** yuan, accounting for 15.5% of China's total retail sales of consumer goods, a figure that rose by 10.4% during the same period.

### NETIZEN POPULATION



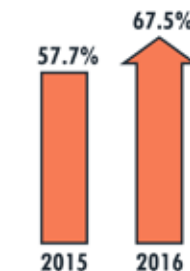
### ONLINE SHOPPERS



### ONLINE PAYMENT SCALE



As of December 2016, Chinese mobile payment users had rapidly climbed to **469 million** after year-on-year growth of 31.2%.



Share of mobile payment users in mobile internet users

**50.3%** of netizens reported having used mobile payments in brick-and-mortar stores.



### China's International E-Commerce Booms Despite Weak Global Growth

China's cross-border e-commerce expanded despite slowing international trade growth in 2015, becoming a larger portion of China's foreign trade. Cross-border e-commerce transactions hit **4.8 trillion yuan** in 2015, accounting for 19.5% of China's import and export total. Analysts estimate that by 2020, the number will rise to **12 trillion yuan** and account for 37.6% of China's imports and exports.



### Cross-border E-Commerce Connects Online Silk Road



**The E-Commerce Connectivity Index (ECI)**, which measures cross-border e-commerce between China and other countries along the Belt and Road routes, is calculated with big data from Alibaba Group.



**ECI Import**

Higher ECI Import means more products are purchased by Chinese consumers from a country.



**ECI Export**

Higher ECI Export means more Chinese products are purchased by a country.

#### ECI of Selected Countries

	Countries	Combined ECI	ECI Import	ECI Export
<b>Maximum ECI Export</b>	Russia	29.9	0.9	29.0
<b>Maximum ECI Import</b>	Thailand	11.5	6.9	4.6
<b>South Asia</b>	India	4.7	0.2	4.4
	Bhutan	4.2	0.0	4.2
	Maldives	2.7	0.0	2.7
	Pakistan	2.4	0.1	2.3
	Sri Lanka	2.0	0.2	1.7
	Bangladesh	0.9	0.0	0.9
	Afghanistan	0.3	0.1	0.2
	Nepal	0.3	0.0	0.3

*Note: ECI Import and ECI Export numbers both take two factors into consideration: scale of cross-border e-commerce between the country and China and its share of total imports and exports between the two countries. Combined ECI is the sum of ECI Import and ECI Export, with a margin of error of about one tenth of a percentage point.*

AliExpress, a B2C retail platform of Alibaba Group, serves users in over 220 countries and regions, of whom more than 100 million reside outside of China.

Data shows that along the Belt and Road routes:

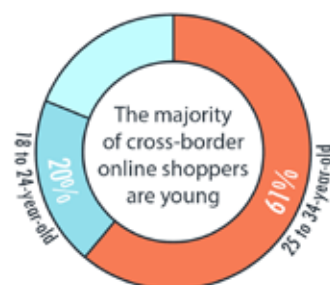
Russia, Ukraine, Israel, Belarus and Poland rank as the top five countries in purchasing power.



Mobile phone and accessories, jewelry, clothes and accessories, and manicure products are the most popular categories of goods in 2016.



**AliExpress**



### Logistics Infrastructure Supports Online Silk Road

Cainiao Network is a data-driven logistics and supply-chain network that utilizes social coordination. The network has established new logistics infrastructure along the Belt and Road routes by cooperating with countries along the routes in postal service, logistics services and warehousing.

#### POSTAL SERVICE



The network involves 14 postal partners in Eastern European countries including Russia, Ukraine, Hungary and Estonia, West Asian countries like Turkey and Southeast Asian countries including Malaysia, Thailand and Vietnam.

#### LOGISTICS LINES

The network has established 16 cross-border logistics lines involving dozens of logistics companies along the Belt and Road routes, including Aramex and GATI in India.



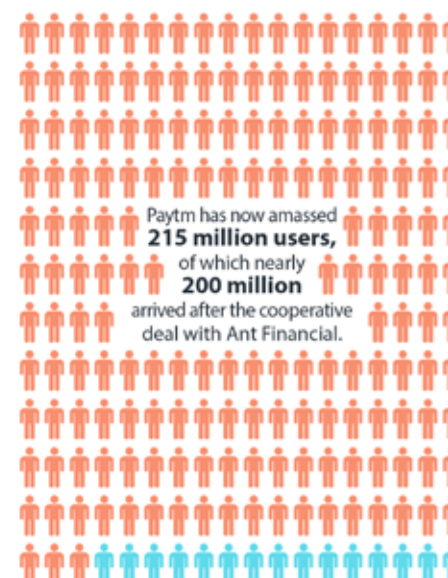
#### OVERSEAS WAREHOUSING

The network operates 17 overseas warehouses along the Belt and Road routes, including in Russia, India and Southeast Asia.



### Cooperation in Mobile Payment Motivates E-Commerce in India

In 2015, the Ant Financial Services Group (Ant Financial) based in Zhejiang Province, China, acquired a large share of Paytm, an Indian third-party online payment platform, in a move that has helped the firm become the fourth-largest e-wallet provider in the world, after an injection of Ant Financial's resources and experience.



Of all of Paytm's users, half live in second-tier cities or rural areas. The user base of Paytm is growing rapidly.



Source: Inclusive Development and E-Commerce: China's Practice (April, 2017) published by AIIResearch and eWTP Endorses the Belt and Road Construction: Alibaba's Practice (April 2017) jointly published by AIIResearch and DT Finance.

# Learning in and out of Class

## Studying in China and India

Concept by *China-India Dialogue*

### My Home Away From Home

**Tushar Sachdev**

Age: 24

Occupation: Doctorate student

Birth place: Mumbai

Current residence: Beijing



I came to China last year in September as a Ph.D. student at Peking University. This was my first time visiting China and I was amazed by the infrastructure of Beijing. I had other options for pursuing a Ph.D. but I chose to do it in China because I wanted to experience the kind of cultural diversity that one could barely fathom in a lifetime. And since the day of my arrival to this day, my fascination with this country has grown every single moment!

I am really lucky to be studying in PKU which is one of the premier research hubs not only in China but all over the world. On top of that, I could not thank my stars enough for being a student under an amazing, down-to-earth and welcoming professor. Also, my classmates and my colleagues

in my lab are fun to work with and always help me in every possible way. We are delighted to share experiences of growing up in different cultures and have a good laugh about the absurd customs that are followed regularly. We have found that barring language, both Indian and Chinese societies have analogous ethics like primarily focusing on higher education and hard work while trying to grapple with the influence of Western culture on its youth.

My research work and studies at the University are conducted in English, though I find learning Chinese would significantly help me in discussing my ideas with my colleagues. It's really heartwarming to see all of my lab-mates try to articulate their thoughts to me in English every day. They do a lot to make me feel comfortable and

I really appreciate that. I also enjoy learning Chinese day by day with them as it gives me a necessary buffer from the complex mathematical equations and jargon of engineering. So practicing Chinese is the most fun part of my day and everybody gets a good laugh or two when I slip up a word or a sentence while speaking. I don't think so I would have been bestowed with such an amazing environment anywhere else in the world for my growth not only as an engineer but an individual.

Since my arrival in Beijing

I have travelled and explored many places around it. I have been to Tianjin using the bullet train which was an amazing experience. I have been to the wedding of my Chinese colleague in Yingxian of Shanxi Province. It was wonderful to meet her family and watch them up close during this momentous occasion. Not only my friend's family but the guests at the wedding were also affectionate and convivial towards me. Almost everyone at the wedding took a photo with me as I was one of the two foreigners there and sometimes I felt like it was

my wedding, not hers! I really have never felt so special in my life, not even on any of my birthdays.

I am still trying to taste every famous dish from every province but this task seems so overwhelming given the enormous variety and variations in each of those delicacies. So far Sichuan province's Malatang has a sweet, or may I say, a spicy spot in my heart. I cannot live without it for more than a week. Ten months ago, I was a stranger in a strange land and now, I feel like I am at ease and can happily assert that China is my home away from home.

### An Adventure That Broadened My Horizons

**Apurupa Vatsalya**

Age: 24

Occupation: Student of Chinese Language and Film in Beijing Film Academy

Birth place: Andhra Pradesh

Current residence: Beijing



I wanted to take a year off after the completion of my master's degree and do something wildly different and to really challenge myself. I grew up in Mumbai, the home of Bollywood, and therefore cinema has always been an integral part of my ethos. I had heard of the Beijing Film Academy through a friend who is pursuing their International Programme. On doing some research about the institution and the programmes they offered, I discovered that not only is BFA the largest film academy in Asia, but is also a force to be reckoned with in the film industry world over. But I did not have the kind of time that a full-fledged programme would require and therefore opted for a shorter programme in Chinese Language and Film.

The semester for the language programmes commences in September but BFA also permits late enrolment. I arrived in early October and did not find it difficult to catch up as the language courses are taught in small classes, often under 10 students per class which allows for better student engagement and personal attention. The teachers are specifically qualified to teach Mandarin to foreigners and therefore their approach is different from the stereotypical Asian pedagogies. However, the programmes are not rigorous and if one is solely looking to gain command over the language, the Beijing Language and Culture University might be a better alternative. Most people who pursue the language programmes at BFA are looking

to do a longer programme later on or are there for the environment focused on films and conducive to creative collaboration.

The tuition fee for the language programmes is affordable though the lodging, and boarding facilities are on the pricier end and it is definitely cheaper to live off campus. Also, the international students are housed in a separate dormitory from the Chinese students. This is disadvantageous as it limits the interaction with the locals, especially when one is pursuing the language programme like myself. Nonetheless, through

my interactions with students from different countries in my dormitory, I was exposed to various styles and nuances of filmmaking consequently broadening my horizons. I recently worked in a short film with an all-female cast and crew hailing from India, Pakistan, China, Kazakhstan, Costa Rica, Korea and Denmark.

The school also organizes several cultural trips and film screenings throughout the year. This helped me to develop a better understanding of Chinese culture and cinema. I had the opportunity to attend the World College Students Photography Exhibition in

Shangrao, a city in Jiangxi province in the southeast of China. I also got to participate in the International Student Film and Video Festival of Beijing Film Academy and meet with filmmakers from across the globe.

Being an Indian student in Beijing is not particularly easy with having to adapt to the food and climate among other things, but it is definitely something I would cherish. When I first arrived in Beijing, I thought I had merely signed up for an adventure but little did I realize that I would find a second home here and this is largely owing to BFA.

## **Dream School: Indian Institute of Technology**

**Liao Baoru**

**Age:** 22

**Occupation:** Student at Xi'an International Studies University

**Birth place:** Shenzhen, Guangdong Province

**Current residence:** Xi'an, Shaanxi Province



At five in the morning of November 14, 2015, my car arrived at the Central Institute of Indian Languages in Agra. After the eight-hour flight and three-hour drive to the school, I was ready to pass out. However, as the car slowly approached the college, my exhaustion soon vanished. I was finally standing at the starting line of my journey of studying abroad.

Every year, the Institute enrolls sixty or seventy foreign Hindi learners tuition free. Their expenses are covered by a scholarship fund provided by Indian government. A wide variety of courses are taught there. In addition to high-level Hindi courses, the Institute also teaches yoga, astrology, traditional Indian music and dance. The curriculum diversity and rich social activities kept my foreign visit constantly

colorful.

Nearly half of children in India do not have access to normal education, and the admission rate to universities is very low. The conditions for the education of girls in India are even more terrible. In Khaled Hosseini's novel *A Thousand Splendid Suns*, the father says to his daughter Laila: "Marriage can wait, but education cannot." Influenced by factors including secular concepts, dowries, the purdah system and other social factors, many girls in India are forced to end education at a young age and get married.

Although India's education system still has many flaws, its software engineering sector is tops in the world. In particular, the Indian Institute of Technology (IIT) is renowned for research and development and numerous graduates that

have gone on to become CEOs of global companies including McKinsey, United Airlines, and Vodafone as well as other elites such as the director of Alcatel-Lucent Bell Labs and chief economist of the International Monetary Fund. The Indian Institute of Technology has become an incubator for the

world's top talent. The software engineering industry plays a central role in the economic development of India. At present, more than half of India's GDP comes from the IT sector, real estate and financial industry. Because of this, IIT has become my dream school.

As the relationship between

China and India becomes closer and closer, the volume of both Chinese and Indian exchange students is increasing every year. It is my steadfast belief that as contact increases between the countries, education in China and India will begin progressing together very soon.

## **Recording Studies in India**

**Tang Song**

**Age:** 20

**Occupation:** Student at School of Foreign Languages of Peking University

**Birth place:** Beijing

**Current residence:** Beijing



of Indian education is its diversity. Schools are funded by multiple sources, and half the educational institutions are private or individually funded. Countless after-school courses offer channels of different studies, vitalizing the education sector. Another important characteristic is the relatively equal distribution of educational resources. Whether they study in the capital city of Delhi, the major southern metropolis of Mumbai, Trivandrum, or an underprivileged state like Uttarakhand, students all enjoy basic education resources. India has not enacted compulsory education, and many children choose to inherit the family business rather than attend school, especially in rural areas. Vocational education sources are still scarce in India, but continuing education and adult education have improved somewhat. Vital fundamental education offered by primary and secondary schools continues to develop steadily due to school diversity. Universities enhance their capabilities by connecting with foreign countries, which helps them attract foreign students and conduct international academic research.

As an undergraduate majoring in Hindi, I joined several other students from Peking University studying Hindi to participate in a government funded overseas study program at the Central Institute of Indian Languages in New Delhi. During those nine months, I became immersed in the diverse student body of India.

During our stay, we made extensive contact with various Indian educational institutions ranging from grade schools to colleges. One stand-out characteristic

I have completed my studies at Central School of Hindi, but if I find another chance to study in India or participate in a short-term exchange program, I will jump at the chance to learn more about the history of Indian institutions of higher education. India has a long and complex history. Across thousands of years, its rulers hailed from a wide variety of regions and ethnic groups and spoke myriad languages, which colored India's rich and diverse literature. Learning local opinions on India history, understanding research methods and getting first-hand information are very helpful tools for understanding the history of India. I also want to explore India's attitude towards China's history and the present situation, so I look forward to studying at East Asian institutions in India such as the Department of East Asian Studies at Delhi University and the Centre for Chinese and South East Asian Studies at Jawaharlal Nehru University. I believe that these well-known research institutions optimally use their rich literature reserves and conduct in-depth regional cultural research and comparative study. 🇨🇳



# Chinese Take on Indian Buddhism

By Yao Weiqun

The major sects of Chinese Buddhism originated in India before incorporating traditional Chinese culture.

Buddhism originated in ancient India before spreading to many Asian countries including China and becoming a globally influential religion.

The formation of major sects of Chinese Buddhism was a result of cultural exchange between China and India. Given that basic Buddhist sutras and doctrines were imported from India, sects would always have been influenced by Indian culture. However, when the religion spread to China, practitioners inevitably incorporated elements of traditional Chinese culture because the representative figures were Chinese. To secure a foothold in China when Buddhism was first being introduced, preachers adapted practices to suit indigenous situations while reforming and upgrading the original Indian doctrine. It is also noteworthy that different sects of Chinese Buddhism vary in their ratio of Chinese and Indian cultural elements as well as in their influence on Chinese history.

Most Buddhist sects with obvious Chinese characteristics emerged after the Sui (581-618) and Tang (618-907) dynasties. Of the eight major sects of Chinese Buddhism, the Dharmalaksana, Three-Sutra, Vinaya and Esoteric sects are comparatively richer in Indian culture and incorporate more Indian Buddhist doctrine.

The doctrine of the Dharmalaksana Sect was established by renowned Tang Dynasty monk Xuanzang (602-664) after he returned from India in 643. The sect claims roots in the philosophy of Yogachara (literally, “yoga practitioners,” one of the two major schools of Mahayana Buddhism). When translating and interpreting Buddhist sutras from India, Xuanzang and Kuiji (632-682) — a renowned monk of the Tang Dynasty and popularly known as Master Ci'en — as the founders of the Dharmalaksana or Vijnanavada Sect, incorporated their own understandings of the sutras. But in general, their translations and interpretations remained close to the original

texts of Indian Buddhist sutras.

The namesakes of the Three-Sutra Sect are three Indian Buddhist classics with key doctrines originating from the philosophy of Mādhyamaka, a major school of Indian Mahayana Buddhism which holds that all things, including people's thoughts and Buddhist doctrine, are correlated and dependent on each other. The representatives of this sect also added personal views when interpreting the three Indian Buddhist sutras, but the essential doctrine of the sect remains consistent with that of Mādhyamaka.

The Zen, Pure Land, Tiantai and Huayan sects of Buddhism are among those most deeply impacted by Chinese culture, and the Zen Sect is the most influential Buddhist school in China.

Despite its evident Chinese flavor, the Zen Sect maintains a close relationship with Indian Buddhism. Some of its doctrine draws directly from the *Diamond Sutra*. The Zen Sect believes that everyone has a pure soul and that all living beings have the possibility to attain enlightenment through self-control and meditation, without outside help. It holds that once a person understands the internal nature of Buddha, he or she will find enlightenment immediately. The sect opposes the pursuit of nirvana beyond the secular world. On the contrary, it emphasizes that “the truth of Buddhism is found within the secular world and can be obtained only through practice in the secular world” (as written in the *Platform Sutra of the Sixth Patriarch*, a Buddhist scripture based on speeches by the sixth Zen patriarch Huineng, compiled



As the ancestral shrine of the Zen Sect of Chinese Buddhism, the world-renowned Shaolin Temple occupies a significant position in the history of Chinese Buddhism and is reputed to be the “No.1 Buddhist Temple under Heaven.” [VCG]

by his disciple Fahai). Such doctrine not only aligns with Chinese tradition emphasizing secular life, but also has roots in Indian Buddhist theory. For this reason, the Zen Sect is considered a school of Buddhism that perfectly combines Chinese and Indian cultures.

The Zen Sect advocates practice in everyday life by infusing one's daily routine with understanding of Buddhist doctrine. It also stresses that Buddhism should benefit the people and help create a happy, merciful world. Chinese Buddhist temples adjusted practices and monks' routines based on China's actual conditions and created monastic rules and practices unique to China. Such norms for monks are inspired by both Chinese and Indian Buddhist practices.

Of course, a Buddhist sect's influence in China isn't totally determined by its attitude towards Indian Buddhist

scriptures and traditional Chinese culture — an important factor is how easily its doctrine and practices are accepted by believers. For instance, the doctrines of the Dharmalaksana Sect are highly dialectical, making them difficult to understand without extensive education. This has made the sect exclusive in the eyes of ordinary people. Although it advocates original Buddhist scriptures from India, the Pure Land Sect doesn't promote many dialectical theories, which means it is more easily accepted by ordinary people. Despite a heavier Indian influence, it is widespread in China.

Acceptance of the most influential Buddhist school in China, the Zen Sect, can be attributed to two major factors: Firstly, its development path is roughly consistent with that of traditional Chinese culture, and it requires believers to practice Buddhism in daily life and attain

enlightenment through everyday behavior such as walking, sitting, transporting water and cutting firewood. Such dogma is easily embraced by people rooted in traditional Chinese culture. Secondly, the Zen Sect doesn't emphasize education of believers or require the study of obtuse Buddhist concepts or the practice of rigorous meditation. These characteristics lower the threshold to join, which has led to an increase in both the numbers of practitioners as well as its influence in China.

Every sect of Chinese Buddhism was born of China-India cultural exchange. A Buddhist sect's influence in China is determined by how it balances the relationship between Chinese and Indian cultures and how accessible its doctrine is. ☞

The author is a philosophy professor at Peking University.

# "India: A Floating Subcontinent" Some Small Moments from My Trip

By Guo Jianlong



India: A Floating Subcontinent

Guo Jianlong

Zhejiang University Press  
August 2013

Trudging across 20 thousand kilometers, 70 cities and hundreds of scenic spots in India, across past and present, the author measured the land of India with firm steps and observant eyes, showed a varied and colorful India through the lens of policy, economy, history and religion.

I set off seeking to soak up Indian culture more than relaxation. The aura of antiquity persists strongly in India. In China, ancient traditional costumes are mostly already exhibits in museums, whereas in India, more women still dress in the Sari than those in modern clothes. Indian people still eat with their hands, and their religious habits never lost popularity with modern development. Hindu temples can still be found both in cities and the countryside alike. And the invention of speakers only helped the Quran be read louder in Islamic areas.

In China, disposable plastic is already ubiquitous. The same sorts of cups and dishes in India are made of pottery. Bodhi leaves are used to hold food, which also injects a local flavor. Though the traffic may seem perpetually jammed, some motorcycles and cars manage to speed by, dodging cows walking around leisurely and dogs sleeping on the street, never concerned about being hit.

When I was descending the mountain, I met three young Indian men sitting on the same small motorcycle. As they passed, the two sitting at the back greeted me warmly and reached to shake my hand.

I most completely stunned when they stopped a few meters away to offer me a lift. I couldn't imagine adding a fourth to such a small motorcycle. And I also had a luggage.

"This is India," he said. "In India, a motorcycle has a capacity of six." I grimaced and hopped on, and the bike zigzagged and wobbled on down the road.

In 2008, the world financial crisis hit India hard. The country experienced a sharp inflation of more than 10 percent during my travels. The Indian rupee's exchange rate to the U.S. dollar dropped drastically. The country seemed

desperate for new avenues of growth after the disastrous crash.

In 2010, a song in the Indian movie Peepli Live put the Indian people's predicament to lyrics:

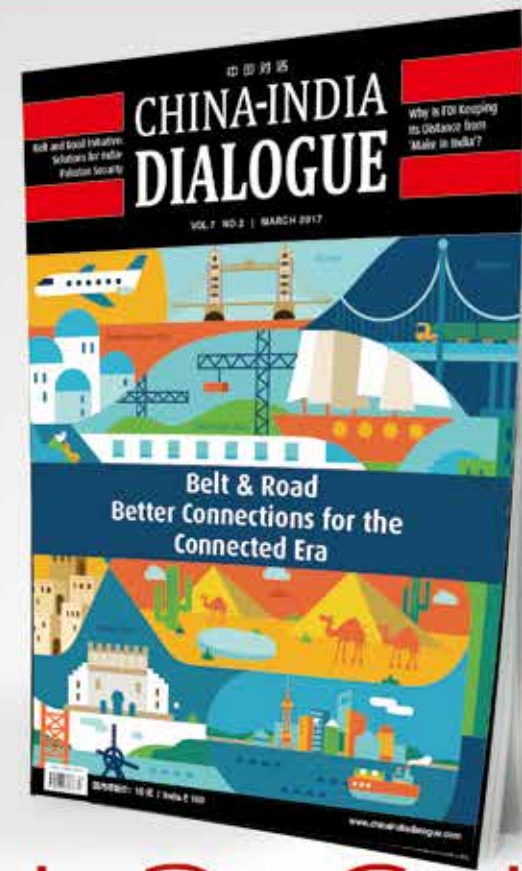
Friend, my husband earns good money but that witch Inflation eats it away. Every month petrol leaps, diesel rolls, sugar soars and rice flies out of reach too. That witch Inflation eats it all away.

Today, about 300 million Indian people still live in dire poverty, with little other than the clothes on their backs. Millions sleep on the roads and train stations and beg for food. During my stay, I always brought a few rupees to distribute every day and bought some food and clothes for wandering children. But the meager efforts of one person are negligible – they only comforted myself.

India has endured many problems ranging from economics and religion to secessionism for decades. The country has managed impressive achievements in its rare stretches of calm.

No matter how messy things get in India, no one ever expects the country to collapse or break up. The country is headed in the right direction towards more cohesive long-term development. India's real impact on the big picture may not be seen for 10 or 20 years. But 100 years from now, India will have a much more prominent place in the world.

The author is a tourist, literary worker, social observer, and former journalist of 21st Century Business Herald and columnist for NetEase. He published A Farewell to Shangri-La, Across Hundreds of Years to the Middle East, and Situation Depends on Human Element. This book is the first of the series "Cultural Travel", and the follow-up works are Half the India & Half the China and Ride to Yuan Dynasty.



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