India and BRI

Why in news?

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India is planning to boycott the Belt and road initiative event in Beijing on May 14th.

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What is BRI?

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- One belt one road (OBOR) or Belt and road (BRI) is the new Silk Road initiative, both by land and sea, announced by Chinese President Xi Jinping in 2013.
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- It's the **most ambitious infrastructure and connectivity project** in history, aiming to connect China with Europe by land and rail, and to Africa and Asia by sea.
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- This Belt and Road Initiative (BRI) will eventually encompass 100 countries representing 70% of the world's population, 55% of GDP and 24% of global trade.
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What are the hurdles of BRI?

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- The BRI has a scope, in which not all is in Chinese hands, since it involves solving **security, diplomatic and sovereignty concerns.**
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- Even simple things like land acquisition for roads and railways can be tricky.
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- Ownership of the assets once they are created is also not clear.
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- The belt and road pass through some of the **most volatile regions** in

Central Asia, and success is not guaranteed.
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What is India’s problem?

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- The China-Pakistan Economic Corridor (CPEC) this is $50 billion Chinese investment will link Central Asia and China to the Indian Ocean through the deep sea port of Gwadar.
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- But it is **being constructed in the disputed territory** (i.e. legally owned by India) of Pakistan-occupied Kashmir.
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- India thinks this **affects its sovereignty,** and it plans to boycott of the May meeting.
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- The State government of Jammu and Kashmir wondered why India is not joining CPEC as a partner to bring economic benefits to the region.
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- This is clear that there are differing views even among government officials within a country.
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How India should address this issue?

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- India’s response should be based on its long-term interest and not short-term concerns. CPEC issue can be isolated and addressed, without India rebuffing the whole of BRI.
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- China has suggested starting negotiations on a **‘China India Treaty of Good Neighbours and Friendly Cooperation’,** restarting negotiations on the China-India Free Trade Agreement, striving for an early harvest serving India’s interests.
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- BRI already has contracts of over $1 trillion and enlarging areas of cooperation, **India cannot be a $10 trillion economy by 2032 without integrating itself with the growing Asian market** and its supply, manufacturing and market networks.

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- India should develop common standards with the fastest growing economies in Asia that are on the periphery of the B&R Initiative, such as Bangladesh, Vietnam and Indonesia, to facilitate trade, investment and business engagement.
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- Implement new cooperation framework in South Asia and around global challenges. For example, sharing meteorological reports, region specific climate research.
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What is the way forward?

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- India-China bilateral trade has grown at among the fastest rates in the world, and investment flows are now picking up fast. Almost half of India's total trade deficit is with just one country, China.
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- **It is in both countries' interests to bridge this gap, by**\n
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◦ Increasing India's exporters' access to the China's market.
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◦ Rapidly increasing capital inflows from China to India.
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- China is seeking to fill the vacuum following the U.S.'s withdrawal from the Trans-Pacific Partnership, and India should add elements to it that serve its national interest as part of its vision of the 'Asian Century'.
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Source: The Hindu & Live Mint

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