

China's Belt and Road Initiative (BRI):

India's and EU's Perspectives

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Introduction

The concept, or vision of Belt and Road Initiative (BRI), presented in autumn 2013 by the Chinese leader Xi Jinping, came as a surprise even in China, which had been following a low-profile strategy (*taoguang yanghui*) proposed by the “father of reforms” Deng Xiaoping for the two previous decades. Simultaneously, it came as an even bigger surprise to the outside world, including USA, Japan, India and the European Union (EU), its institutions and member states. No one seemed to be ready to accept a new, assertive and expansive China, proposing its new role as a power centre, like it was for centuries, up to the upheaval of Opium Wars (1839-60) and the following disasters of internal instability and external pressure. China treats the era from 1839 till 1949, which is till the proclamation of People's Republic of China – PRC, as the “one hundred years of national humiliation” (*bainian guochi*). Using the term “making justice to history”, and the slogan of “return to its proper place on global scene”, China wishes to settle accounts with the previously stronger states and simultaneously to be placed at the centre of the world again. The BRI, combined with the ambitious aims of Xi Jinping's administration ("fifth generation of leaders") on domestic scene known as "two centenary goals", present a new, assertive China, ready to be one of the major global center of powers, if not the center alone. Especially after achieving a second goal that is known as "great rejuvenation of the Chinese nation", which - *inter alia* - requires a peaceful reunification with Taiwan.

This study presents India's and EU's perspectives on the BRI, identifying both convergences and divergences between the two on China's BRI.

China's Strategic Objectives as Reflected in BRI: Historical Context

The BRI, initially known as One Belt One Road (OBOR) often touted as China's most prestigious regional and global economic programme is in essence one of the personal initiatives of Xi Jinping. While most countries participating in the BRI consider it a great project, India has expressed serious reservations about BRI and has refused to be part of it not only in the region but elsewhere too. India does not see the BRI as a purely economic initiative but considers it as a security and strategic agenda by Beijing which is cleverly camouflaged as an economic partnership engagement. It has also indicated the assumption of China's probable leadership for the world.

When Secretary General of the Communist Party of China (CPC) and Chinese President Xi Jinping announced the Silk Road Economic Belt in a speech on 7 September 2013 at the Nazarbayev University in Kazakhstan and the Maritime Silk Road during his visit to Indonesia, the following month, the two initiatives evoked mixed reactions from the members of the strategic communities of the world. India was cautious towards commenting on it but was categorically clear that it will not participate in any such programme. The only set of people who were perhaps caught unawares by this sudden announcement by Xi Jinping were probably his own economic and strategic advisors in Beijing, who read about the BRI only months later.

There is a reason why New Delhi was not very surprised by the ostensibly sudden announcement of the BRI. As far back as 1999, China vigorously pursued the Bangladesh-China-India-Myanmar Forum for Regional Cooperation (BCIM). This initiative had two unique features as far as China was concerned. One, that it involved the Chinese province of Yunnan playing an important role in the project. The other feature was that it was a case of opening up China's frontier regions to neighbouring countries as a way of increasing the economic development prospects of the former – of Chinese products finding wider markets on the one hand and learning from best practices and experiences elsewhere, on the other. The BRI was just a bigger and a grand version of BCIM that started in 1999.

The BCIM was slowly converted to BCIM-Economic Corridor (EC) thus, making it BCIM-EC when China's Prime Minister Li Keqiang visited India in May 2013. Although there was no official acceptance or rejection of the proposal, New Delhi kept the project under cold storage and kept it out of all official comments about the Prime Minister's visit and subsequent meetings on trade or otherwise. BCIMEC has many security implications for New Delhi and there was no way in which it could have been accepted in the form and manner it was handed out to New Delhi. Besides, China cannot boast of robust economic development in provinces on its border nor can it effectively sell the idea that such a project has any built-in capacity to make it a success. India's silence was taken as an approval and a willingness by Beijing, which surely did not wait to confirm New Delhi's opinion and saw a window of opportunity to draw India into China's larger trade orbit. Subsequently, the announcement of the BRI later in 2013 was made in a dramatic manner. While BRI had huge security implications for India and its neighbouring countries, it also incorporated the BCIM-EC within the BRI without any consultations with New Delhi whatsoever. Needless to say, New Delhi rejected both the BCIM-EC as well as the BRI. The strategic ambitions of China got reflected and became visible to the world in general and India in particular because of these many changes which occurred while China was developing a strategy on BRI.

Originally, the BRI was geographically structured along the following six corridors having the landmass connectivity in addition to the proposed Maritime Silk Road (MSR) which includes:

1. New Eurasian Land Bridge, running from Western China to Western Russia through Kazakhstan;
2. China–Mongolia–Russia Corridor, running from Northern China to Eastern Russia;
3. China–Central Asia–West Asia Corridor, running from Western China to Turkey;
4. China–Indochina Peninsula Corridor, running from Southern China to Singapore;
5. China–Myanmar–Bangladesh–India Corridor, running from Southern China to Myanmar;
and
6. China–Pakistan Corridor, running from South-Western China to Pakistan.

The MSR running from the Chinese Coast through Singapore to the Mediterranean was the seventh corridor. It is generally believed that 50 Chinese state-owned companies are said to have invested an estimated five trillion US dollars in about 1700 BRI projects in already almost 70 countries across Asia, Europe and Africa.

In the last decade and a half, China has managed to steam role some of its strategic initiatives that were conceived in keeping with Beijing's avowed agenda of "China's peaceful rise" (Zheng Bijian). Under the BRI umbrella, by bringing large territories of alien lands and governments into one infrastructure project China effectively bypassed regional and global trade institutions and bilateral understandings in the region. What is significant, even earlier Beijing realised the opposition to its ambitious goals and choice of words and quietly changed the usage of terminology and replaced "peaceful rise" into "China's peaceful development" agenda. However, China's attitude towards the Permanent Court of Arbitration ruling on the South China Sea, followed by he other international dealings in the Asia-Pacific region on Indian Ocean, it was difficult for India to accept China's pronouncements at face value.

India's Perspective on BRI

Understanding the motivations behind China's BRI has always been a complicated task at a time when China has been showing its assertiveness across the globe as well as reflecting its strategic ambitions to be accepted as the world leader. Hence, it cannot be assumed that China's BRI is merely for economic reason and connectivity. It is much beyond economics and dwells into the geopolitics part of it largely. India seems to have understood the game plan of China and for various geopolitical reasons; it has kept itself away from becoming a part of it.

In response to a query on media reports regarding India's possible cooperation with China on BRI, the official spokesperson at India's Ministry of External Affairs (MEA) said that India's BRI is clear and there is no change. The so-called "China-Pakistan Economic Corridor (CPEC)" violates India's sovereignty and territorial integrity. No country can accept a project that ignores its core

concerns on sovereignty and territorial integrity.¹ It was emphasized that connectivity initiatives must be based on universally recognized international norms, good governance, rule of law, openness, transparency and equality, and China must pursue all its strategy with regard to connectivity in a manner that respects sovereignty and territorial integrity. The research paper has made a modest attempt in assessing China's BRI from India's prism. It has also attempted to analyse the ramifications of China's BRI for the rest of the world. The feasibility of BRI has also been examined mainly from the perceptions of various member countries which have become a part of this ambitious project.

It is very unlikely that China will give up on the CPEC even though it is facing severe challenges in its implementation. In such a scenario, New Delhi has no option but to keep away from CPEC and all other OBOR projects. China has also been airing the view that India's non-participation in OBOR will eventually distance New Delhi from the developmental aspects of these countries.

India will have to take a cautious approach towards BRI. India's participation is seen as very important by China for two reasons. One is that the BRI requires huge investments with minimum return on investments (RoI). There is no reason why India should invest in BRI projects and strengthen China's strategic presence at India's cost. Another reason why Beijing needs India's participation in BRI is that India enjoys greater credibility in most of these 60 odd countries than what China does.²

When India decided not to participate in the Chinese President Xi Jinping's inaugural Belt and Road Forum held in 2017, there emerged a dominant feeling among the supporters of BRI that New Delhi would be isolated. India never hesitated to share its concerns and always stood the ground. India's position on China's BRI since then seems to have vindicated and the concerns articulated mainly on the lack of transparency and financial sustainability are being noticed in the current context.

¹ Official spokesperson's response to a Query on media reports regarding possible cooperation with China on OBOR/BRI, Media Briefings, New Delhi, 5 April 2018. For details, see www.mea.gov.in/media-briefings.htm, accessed on 22 August 2018.

² Interaction with a Keen China Watcher and Political Commentator, Sri Seshadri Chari during 30-31 August 2018 at the Department of Geopolitics and International Relations, Manipal Academy of Higher Education (MAHE).

It must be emphasized here that Sri Lanka which has been one of the early backers of BRI, now seems to owe China more than \$10 billion. Whether China's BRI is proving to be a debt trap remains a part of the strategic discourse in Geopolitics. The implications of these were far too many. Sri Lanka has transferred control of its Hambantota port to a Chinese company on a 99-year lease.³

The other member of China's BRI, Myanmar has also shown dissatisfaction with China's BRI. The Government of Myanmar has announced that it will be reviewing the terms of the Chinese projects. A number of other member countries of BRI including Malaysia have expressed similar concerns. Malaysia has reflected their concerns on repaying Chinese loans and suspended a \$20 billion high speed rail project. The ongoing CPEC projects have also been seen passing through a rough weather even with China's all-weather friend Pakistan. The current regime in Pakistan led by Imran Khan has been questioning on the transparency of CPEC projects.⁴ Whether Pakistan can afford to continue with CPEC remains a moot question. Pakistan has been confronting a severe economic crisis. The fall out of the CPEC would be far too many.

China's BRI has certainly added new dimensions to the debates and deliberations on the strategic implications of China's rise. When the Belt Road Forum (BRF) was held in China last year, around 60 countries sent their representatives to the forum including from the United States of America.⁵ In India, as mentioned elsewhere the BRI is certainly not seen as having only economic intent but having a larger strategic orientation to increase China's influence through both the continental as well the maritime projects. The strategic challenges in the maritime domain are going to be complex in the emerging geopolitical reality.

The MSR idea of China will certainly bring instability and the maritime domain will become complicated. How the major powers including India would converge and cooperate in the foreseeable future remains an issue for debates and discussions. The competition among major

³"India's BRI Bet Pays Off", *India Today*, June, 2018, See online, www.indiatoday.in/magazine/up-front/story/20180806-india-s-bri-bet-pays-off1297697-2018-07-27, accessed on 28 August 2018

⁴A Wall Street Journal report on July 22, 2018 revealed that Chinese power companies had been given a guarantee of 34 percent annual returns on their investments from CPEC projects.

⁵ Shannon Tiezzi, "What Did China Accomplish at the Belt and Road Forum?" *The Diplomat*, May 16, 2017, <https://thediplomat.com/2017/05/what-did-china-accomplish-at-the-belt-and-road-forum/> (accessed on 21 August 2018).

powers started when the United States' declared re-balancing of its Asia strategy and created its sphere of influence in the whole of Asia-Pacific. The Indian Ocean dimension of America's Pacific balance is critical to its Pivot Strategy. Now, the debate seems to be enlarging from the Asia-Pacific to the Indo-Pacific. The Indo-Pacific region is being perceived as an engine of global growth. Hence, the onus lies on the major powers to make the environment conducive so that the region is not only economically secured but also peaceful and stable. India would require to take the lead in forging cooperative security and partnerships. India finds the MSR impeding the whole process of peace and stability in the larger maritime domain.

One of the major points of objection made by India with regard to China's BRI is largely seen in the way BRI got evolved. There was no formal consultation with India on BRI in the beginning. It seems China completely kept India out of the loop and there was no formal channel initiated by China where India could have got to know China's ambitious project. According to India's MEA, India has been "urging China to engage in a meaningful dialogue on its connectivity initiative, 'One Belt, One Road'". Reflecting on India's response to CPEC, the MEA said, "No country can accept a project that ignores its core concerns on sovereignty and territorial integrity."⁶ Such responses are in line with India's national interest.

Despite the fears and concerns that have been expressed regarding China's OBOR, Chinese officials does not seem to have given up, on trying to change India's approach to it. China first approached India to become a part of the BRI in 2015. Since, India's concerns have not been addressed, it had not shown any interest in becoming a part of the BRI. India wants China's BRI to be a multilateral initiative. India has joined the China backed Asian Infrastructure Investment Bank (AIIB) in 2016 without any hesitation. It is only because all the concerns were addressed by China and the AIIB was made multilateral and it kept other members on equal footing with China.

⁶ "Official Spokesperson's response to a query on participation of India in OBOR/BRI Forum," May 13, 2017, Ministry of External Affairs (Government of India), 13 May 2017, <https://mea.gov.in/media-briefings.htm?dtl/28463/Official+Spokespersons+response+to+a+query+on+participation+of+India+in+OBORBRI+Forum> (accessed on 5 July 2018) and Official Spokesperson's response to a query on media reports regarding possible cooperation with China on OBOR/BRI, April 05, 2018, <https://www.mea.gov.in/media-briefings.htm?dtl/29768/Official+Spokespersons+response+to+a+query+on+media+reports+regarding+possible+cooperation+with+China+on+OBORBRI> (accessed on 5 July 2018).

China despite being a stakeholder has no veto power. The redressal of India's concerns by China provided a leeway to India to negotiate as an equal partner. There seems to be concern that China's BRI and the geographical scope of the project, at least in the Indian Ocean region (IOR) will not succeed unless and until India supports the BRI, even if in a piecemeal manner, through coordination in individual projects. For instance, talking about the BRI, Zhang Jun, China's Assistant Minister of Foreign Affairs, emphasised the value of diplomatic initiatives like the recent Wuhan Summit between Prime Minister Narendra Modi and President Xi Jinping. Asked to comment specifically on the CPEC, Mr. Zhang commented that, "CPEC is an economic initiative. Implementing CPEC does not jeopardise China's position on Kashmir."⁷

However, to what extent, such public rhetoric will translate to a change of China's approach to using Pakistan as a proxy against India's rise remains to be seen. China's nexus with Pakistan as seen in the realm of strategic cooperation, for instance, China's assistance to the Pakistani nuclear weapons programme, ballistic missile capability as well as many military modernisation efforts is well known to the global strategic community. Moreover, China's heavy investments in the Gwadar port, which a significant nod, of the CPEC continues to remain an eyesore for India.⁸ Speaking at the China's *Global Times*, India's Ambassador to China, Gautam Bambawale said, "The CPEC passes through Indian-claimed territory and hence violates our territorial integrity. This is a major problem for us... We need to talk about it, not push it under the carpet. I believe, the more we talk to each other, the easier it will become to resolve problems."⁹

⁷Atul Aneja, "Wuhan spirit should spur 'natural partner' India to join Belt and Road initiative: China," *The Hindu*, 27 August 2018, <https://www.thehindu.com/news/international/wuhan-spirit-should-spur-india-to-join-belt-and-road-initiative-china/article24794815.ece> (accessed on 30 August 2018).

⁸"China-Pakistan sign new deals for Gwadar port's development: CPEC may turn out to be India's security and strategic problem," *Firstpost*, 31 January 2018, <https://www.firstpost.com/india/china-pakistan-sign-new-deals-for-gwadar-ports-development-cpec-may-turn-out-to-be-indias-security-and-strategic-problem-4328317.html> (accessed on 12 July 2018).

⁹"Be clear not to change status quo in Doklam: Indian envoy to China," *Hindustan Times*, 26 January 2018, <https://www.hindustantimes.com/india-news/be-clear-not-to-change-status-quo-in-doklam-indian-envoy-to-china/story-3RLmLgHyjMjnF7gcvQUHWO.html> (accessed on 15 July 2018).

In response, China's Foreign Ministry spokesperson Hua Chunying commented, "Regarding the CPEC, China has reiterated its position. As to the differences between China and India, China stands ready to communicate and talk with India to seek a proper solution so that these differences don't affect our general national interests." "The CPEC is merely an economic cooperation project, it is not targeted at any third party. We hope the Indian side can put this in perspective," Hua said.¹⁰ Unsurprisingly, both the Chinese and the Pakistan governments have denied any plans by the Chinese to build a military base in Pakistan, particularly near the Gwadar port in Baluchistan province, which is also close to the Chabahar port which is a result of India-Iran-Afghanistan partnership.¹¹

India has been fairly categorical in terms of opposing the BRI, not sending any representative to the BRF held last year in China, and more recently, refusing to endorse the BRI at the Shanghai Cooperation Organisation (SCO) in Qingdao, China where India participated for the first time as a member.¹² However, India's neighbours including Pakistan, Sri Lanka, Bangladesh, Myanmar reportedly signed as much as 20 infrastructure deals with China during the BRF. Moreover, even Afghanistan which is seen to be a close strategic partner of India, has also been considering assistance from China towards advancing infrastructure, power, banking and finance sectors.¹³ China's increasing forays into the IOR in the form of investments in ports infrastructure and the entry of Chinese nuclear and conventional submarines; and the Sino-Pakistan nexus towards

¹⁰Sutirtho Patranobis, "Ready for talks with India on differences over corridor with Pakistan: China," *Hindustan Times*, 29 January 2018, <https://www.hindustantimes.com/india-news/ready-for-talks-with-india-to-resolve-cpec-differences-china/story-EQrEzxAPzOqasMmxaGlnBj.html> (accessed on 29 August 2018).

¹¹"China denies reports of plans to build military base in Pakistan, terms them 'unnecessary speculation'," *Firstpost*, 9 January 2018, <https://www.firstpost.com/world/china-denies-reports-of-plans-to-build-military-base-in-pakistan-terms-them-unnecessary-speculation-4294645.html> (accessed on 22 August 2018) and "Pakistan denies reports of Chinese military base near Gwadar port," *The Indian Express*, 4 January 2018, <https://indianexpress.com/article/pakistan/pakistan-denies-reports-of-chinese-military-base-near-gwadar-port-5011975/> (accessed on 22 August 2018).

¹²"India refuses to endorse China's BRI," *The Times of India*, 10 June 2018, <https://timesofindia.indiatimes.com/india/india-refuses-to-endorse-chinas-bri/articleshow/64530284.cms> (accessed on 1 August 2018).

¹³"Even as India snubs OBOR forum, 6 neighbours, from Nepal to Sri Lanka, sign 20 infrastructure deals with China," *Financial Express*, 16 May 2017, <https://www.financialexpress.com/economy/even-as-india-snubs-obor-forum-6-neighbours-from-nepal-to-sri-lanka-sign-20-infrastructure-deals-with-china/670556/> (accessed on 13 July 2018).

capability enhancement have been of much strategic concern in India. Many of the ports in the Indian Ocean littorals wherein the Chinese have invested have raised concerns, as having strategic implications despite the Chinese claim that they are meant for commercial purposes. The maritime aspect of China's BRI, also called the Maritime Silk Road is often called the Indo-Pacific with Chinese characteristics, because it traverses the same geographical region that the Indo-Pacific construct envisions. Many of the countries in the Indo-Pacific region, are deficit in infrastructure and investments and hence easily fall into the lap of Chinese economic largesse. However, the Chinese projects have often been accused of opacity and lack of consultations with stakeholder countries, and for Chinese intentions to extract foreign policy leverage from the indebted countries.¹⁴

India's former National Security Advisor, Shivshankar Menon, writing for *The Wire*, commented, "...making clear that sovereignty aspects of the CPEC as presently proposed are unacceptable, we might explore which portions of the public goods that the BRI creates – whether infrastructure or connectivity – serve India's interest in improving connectivity and economic integration with the Asian and global economy."¹⁵ So, is the CPEC such a strong resistance point for India, that it will continue to boycott any discussions related to BRI, with the Chinese, or else India will explore the ways and mechanism to work with China depending on the specific terms and conditions? India has also kept itself away from a joint initiative launched by the United States, Japan and Australia to fund infrastructure projects to counter China's BRI in the Indo-Pacific region. It was mainly to highlight India's firm belief in multi-polarity in the Indo-Pacific region. India has always been very strongly emphasizing on a non-bloc security architecture for the Indo-Pacific region.¹⁶

¹⁴Abhijit Singh, "China's Maritime Silk Route: Implications for India," 16 July 2014, IDSA COMMENT, https://idsa.in/idsacomments/ChinasMaritimeSilkRoute_AbhijitSingh_160714 (accessed on 12 July 2018) and Michael J. Green, "China's Maritime Silk Road: Strategic and Economic Implications for the Indo-Pacific Region," *Center for International and Strategic Studies*, 2 April 2018, <https://www.csis.org/analysis/chinas-maritime-silk-road> (accessed on 15 July 2018).

¹⁵ Shivshankar Menon, "The Unprecedented Promises – and Threats – of the Belt and Road Initiative," *The Wire*, 24 April 2017, <https://thewire.in/external-affairs/the-unprecedented-promises-and-threats-of-the-belt-and-road-initiative> (accessed on 28 August 2018).

¹⁶It is being perceived by India that the United States' led trilateral partnership is aimed at funding projects, "to build infrastructure, address development challenges, increase connectivity and promote economic growth in the countries in the Indo-Pacific region. The United States' has separately committed \$ 113 million to support digital economy, energy and infrastructure development projects in the region.

Besides India's political investment in the Indo-Pacific, which is often seen by China as a way to contain China's rise, India has equally invested in a number of sub-regional formations like the Bangladesh–China–India–Myanmar Forum for Regional Cooperation (BCIM) or the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) grouping wherein, India can explore cooperation with China and Southeast Asian partners. Though, the so-called “Quad” was revived in November 2017, India has been working seriously to stabilize ties with China. More importantly, both India and China are showing signs of constructive and positive engagements.¹⁷

There are other connectivity projects wherein India is involved like the India-Japan vision of the Asia-Africa Growth Corridor (AAGC) which is geared towards “development of industrial corridors and industrial network for the growth of Asia and Africa, which will benefit various stakeholders in the Indo-Pacific region including Africa.” The emphasis on “quality infrastructure” and the “development and use of connectivity infrastructure in an open, transparent and non-exclusive manner based on international standards and responsible debt financing practices, while ensuring respect for sovereignty and territorial integrity, the rule of law and the environment” could be apparently read in the context of major criticism against the BRI of being non-transparent, non-consultative and exploitative in nature.¹⁸ Moreover, Japan has been showing interest in investing in certain components of India's Act East Policy, there are certain American envisioned projects like the Indo-Pacific Economic Corridor (IPEC) and the New Silk Road Strategy and there is the International North–South Transport Corridor (INSTC).

In an indirect reference to China's connectivity projects, Prime Minister Narendra Modi speaking at the Shangri La Dialogue said:

¹⁷The informal summit conducted at Wuhan between the two leaders has shown the dynamism and the “will” to move forward on building the convergences and explore ways and means to building trust at all levels including the two armies. Avoiding military face offs such as the one at Doklam seems to be of greater necessity.

¹⁸ The Minister of State in the External Affairs, Gen. Dr. V.K. Singh (Retd.), “Question No. 4223 Asia Africa Growth Corridor,” *Ministry of External Affairs* (Government of India), 21 March 2018, <https://mea.gov.in/lok-sabha.htm?dtl/29697/QUESTION+NO4223+ASIA+AFRICA+GROWTH+CORRIDOR> (accessed on 25 July 2018) and “Asia Africa Growth Corridor: A Partnership for Sustainable and Innovative Development, A Vision Document,” http://www.africa-platform.org/sites/default/files/resources/asia_africa_growth_corridor_vision_document_may_2017.pdf (accessed on 21 July 2018).

‘Connectivity is vital. It does more than enhance trade and prosperity. It unites a region. India has been at the crossroads for centuries. We understand the benefits of connectivity. There are many connectivity initiatives in the region. If these have to succeed, we must not only build infrastructure, we must also build bridges of trust. And for that, these initiatives must be based on respect for sovereignty and territorial integrity, consultation, good governance, transparency, viability and sustainability. They must empower nations, not place them under impossible debt burden. They must promote trade, not strategic competition. On these principles, we are prepared to work with everyone. India is doing its part, by itself and in partnership with others like Japan – in South Asia and Southeast Asia, in the Indian Ocean, Africa, West Asia and beyond. And, we are important stake-holders in New Development Bank and the Asian Infrastructure Investment Bank’.¹⁹

Geopolitically, the implications of the emerging ties between China and India’s immediate neighbours will have consequences different than India’s expectations. Are China’s forays into India’s neighbourhood in the form of investments necessarily counterproductive for India? Has China been encircling India? Are there other factors that India has to take into consideration? All these questions remain a major part of the discourse. . Understanding China’s strategic imperatives for its economic engagement with the countries of India’s immediate neighbourhood will be essential for the key policy community. The time has come where India has to work independent of China in its vicinity and see how best it can build trust and confidence.²⁰ To what extent, India can create its own space to protect and promote its interest despite China’s entry which forms a major part of the discourse. How can India’s evolving ties with China, and also with its neighbours be managed to the emergence of a win-win scenario in terms of regional peace, stability and where prosperity is being given the priority.

EU’s Perspective on BRI

China is an extremely important economic and trade partner for the European Union (EU). The EU is currently China’s largest trading partner, while China is the EU’s second largest trading

¹⁹“PM Speech at Shangri La Dialogue,” <https://www.mea.gov.in/Speeches-Statements.htm?dtl/29943/Prime+Ministers+Keynote+Address+at+Shangri+La+Dialogue+June+01+2018>(accessed on 22 July 2018).

²⁰India’s Prime Minister Coinage “Security and Growth for All in the Region (SAGAR)” has been an important initiative in this direction.

partner, after the US. In 2017, the EU exported to China 198 billion euro of goods (and 38 billion of services), while imported from China 375 billion euro (30 billion in services), and the daily trade bilateral trade turnover surpass was 1.5 billion euro.²¹ Prior to BRI's announcement, the EU was already concerned with the high trade imbalance between China and the EU. Since 2016, China's investments in the EU have surpassed EU's investment in China. Hence, China is not only an exporter of goods or services but also capitals, especially under the BRI umbrella. China also had the strategy of 16+1 that came up in 2012 to build cooperation of post-communist countries in Europe, starting from the Baltic republics, through Visegrad Group, down to the Balkans.

What is more significant is that the Chinese investments in 2016 were more than three times larger than the European investments in China, reaching the record level of 34.9 billion euro. In 2017 they dropped by 17 percent, but the Chinese investment remained at 28.4 billion euro which was still the second largest in history of the bilateral relationship.²² Thus, China has become an important and visible player on the European markets, a new phenomenon the European partners must to adjust to.

Unfortunately, the major EU institutions have been slow in responding to the new Chinese initiatives, including the BRI. The response from the EU has been surprising given that the continental as well the maritime projects of the BRI are directed westward, extending up to Europe (maritime in Pireus or Venice; and land in Rotterdam or Hamburg). Officially, the EU has been implementing its strategy "EU-China 2020 Strategic Agenda for Cooperation"²³ started in 2003, proposing enhancement of bilateral Comprehensive Strategic Partnership established in 2003 and declaring "synergy" and win-win results of this cooperation. According to the strategy, there are three pillars of this cooperation which includes the annual meetings of High-Level Strategic Dialogue, High Level Trade and Economic Dialogue and the bi-annual People-to-People Dialogue. The implementation of the Strategy has led to a proper institutional framework of EU-China relationship. There has been a rise in sectoral dialogues between the EU and China from 17 in

²¹ <http://ec.europa.eu/trade/policy/countries-and-regions/countries/china/>

²² "Chinese FDI in Europe in 2017", <https://www.merics.org/en/papers-on-china/chinese-fdi-in-europe> See also: <https://www.economist.com/graphic-detail/2018/10/10/chinese-investment-in-europe-is-increasing>

²³ https://eeas.europa.eu/delegations/china_en/15398/EUChina%202020%20Strategic%20Agenda%20for%20Cooperation

2004 to around 60 till date. The most essential element of the bilateral relationship still remains trade and commerce, with the Chinese side as of late, pushing for more cooperation on science, technology and innovation.

The initiation of the BRI and the investments following it has brought forth a new chapter in this relationship. The EU now is no longer the stronger partner anymore, as its ability to dictate its will or values (in human or minority rights, peace and security issues, maritime safety and security, or humanitarian aid and climate change) to China has been increasingly constrained with the latter rising and growing more powerful. This new situation coincides, unfortunately, with internal upheavals in the EU like the Eurozone crisis, internal (migrants, refugees, and terrorist attacks) security problems relating to migrants, refugees, terrorist attacks and external challenges like that of Crimea and Ukraine, and ISIS (Daesh).²⁴ Moreover, EU member states has been grappling with questions pertaining to: how to be safe and secure, and what to do next? In EU member states, a number of clashes and conflict of interest remain challenges such as the one between liberals and illiberal forces, adherent Christian Democrats and Conservatives with liberals and followers of open society. The whole EU project and edifice seems to have been crumbling under the growing challenge of Eurosceptic forces, sometimes described even as an “anti-liberal revolution”, or “counterrevolution” against the current order.

China, unlike Russia, does not seem to exploit those European uncertainties to its own strategic purposes. Recently, China informally proposed an idea of a united front against the mercantilist and isolationist course of President Donald Trump, identified with his “America First” slogan. Nevertheless, economic pressure and constantly growing Chinese investments or activities in the EU urgently need a proper reaction.

In June 2016, when the BRI had already been declared and the implementation phase had commenced, although not necessarily in Europe, the European External Action Service (EEAS), responsible for foreign policy of the EU, published a new document boldly introducing “A Stronger Europe” on the global scene.²⁵ The message of the document was optimistic in

²⁴ More details: Manuel Castells et al. (Eds.), *Europe's Crises*, Polity, Cambridge 2018; Ivan Krastev, *After Europe*, The University of Pennsylvania Press, Philadelphia 2017.

²⁵ “Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union’s Common Foreign and Security Policy”, see https://eeas.europa.eu/archives/docs/top_stories/pdf/eugs_review_web.pdf

contradiction with the not so optimistic domestic situation in the EU. This document, authorized by the High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the Commission Federica Mogherini concentrated on the EU tasks and goals but did not mention the Chinese BRI – and the European response to it. Talking about Asia, it mentioned security issues mounting there, but failed to refer even briefly to the constantly growing role of (East) Asia (or “emerging markets”). West Asia, Russia, Ukraine, Africa and even Central Asia were mentioned and elaborated in the document. The whole neighbourhood policy, starting from “closer Atlantic” and “strong bonds by the Atlantic” (including NATO, CETA, TTIP, and CELAC) were undermined, but the growing role of Asia was clearly neglected. In a brief note on Asia, the document paid some attention to ASEAN and ASEM as the crucial framework of mutual cooperation, while the sentence on China was only one: “The EU will engage with China based on respect for the rule of law, both domestically and internationally”, later supplemented only by an intent to “deepen trade and investment” with China. Thus, prosperity, democracy, partnerships and the global role of the EU were disconnected from the visible power shift – from the Atlantic towards Asia-Pacific region.

Probably due to this neglect, around the same time, two of EU’s most important institutions, the Parliament and Council, in June 2016 presented another important document “Elements to the EU new strategy on China”.²⁶ In it, finally, a proposal for a new strategy on China was openly declared, as “the rise of China has happened with unprecedented scale and speed”. Thus, the former approach, “trade for all”, has been finally announced as outdated and stipulated that new visions should include, among others, “new openings”, bigger engagement and reciprocity mixed with greater connectivity. In addition, a new Comprehensive Agreement on Investment (and not a Free Trade Agreement, pushed by the Chinese side) should be prepared and implemented.²⁷ Only thereafter, the important goal of promoting the rule of law and human rights were mentioned.

²⁶ “Joint Communication to the European Parliament and the Council: Elements for a new EU strategy on China”, see http://eeas.europa.eu/archives/docs/china/docs/joint_communication_to_the_european_parliament_and_the_council_elements_for_a_new_eu_strategy_on_china.pdf

²⁷ “Council Conclusions on EU Strategy on China, see <http://www.consilium.europa.eu/en/press/press-releases/2016/07/18/fac-china-conclusions/>

Finally, “greater cohesion” on the EU’s side was demanded in the situation, when “China is seeking space and voice”.

However, the references to China in the document seemed like a response to the former Chinese strategy “going global” pronounced in 1999, rather than on the BRI. Ambitious new Chinese initiatives like “Made in China 2025” (from 2015, promoting creation of an innovative China) and “Internet+”, with the aim to create digital and innovative society were mentioned.²⁸ However, the whole document confirmed that the Chinese were still being viewed as a nation state “to be educated” by the Europeans (in market rules, property rights, etc.). However, the BRI’s implementation has been conditioned in the in mentioned above Council Conclusions the same, old way: as an initiative, which “should be dependent on China fulfilling its declared aim of making it an open platform which adheres to market rules and international norms in order to deliver benefits for all”.

In all, a certain patronizing tone was still visible in the EU document, just at the time when Xi Jinping was coming out with more and more bold initiatives, both on the domestic (“two centenary goals”, leading towards peaceful reunion with Taiwan and “great rejuvenation of the Chinese nation” until 2049 at the latest)²⁹; and on the international scene, as proved by his famous speeches on the Economic Forums in Davos (January 2017)³⁰ and in Boao (April 2017).³¹ In these forums, he openly declared, anticipating events, that “there will be no winner in any trade war”. The Chinese leader presented China as a country open to globalization, free trade and stronger cooperation, perhaps contesting Trump’s anti-global and isolationist message, as seen through his “America First” slogan.

²⁸ Chinese assessment and evaluation: <http://www.techworksasia.com/assessing-impact-made-china-2025/> Western perspective: https://www.merics.org/sites/default/files/2017-09/MPOC_No.2_MadeinChina2025.pdf

²⁹ Xi Jinping, *The Governance of China*, Foreign Languages Press, Beijing 2014, p.38

³⁰ <https://america.cgtn.com/2017/01/17/full-text-of-xi-jinping-keynote-at-the-world-economic-forum>

³¹ “Work Together to Build the Silk Road Economic Belt and The 21st Century Maritime Silk Road”, Full text of President Xi’s speech at opening of Belt and Road forum, Xinhua News Agency, 14 May 2017- http://www.xinhuanet.com/english/2017-05/14/c_136282982.htm

Unfortunately, the need to produce a new EU strategy on China, which was supported by the Council on July 18, 2016 has not been realized yet. There is the absence of a “a strong, clear, and unified voice” of the EU towards China.

The 20th anniversary EU-China Summit held in Beijing on July 16, 2018 shows, both sides are committed to strategic partnership, rules-based trade (and “not to start trade wars”), deeper cooperation in climate change and clean energy, as well as discuss “foreign and security cooperation and the situation in their respective neighbourhoods”.³² It seems, that in political and economic sense, both the sides see this cooperation as indispensable.

As a result of the economic tensions generated due to US-China trade war, China has been seen to turn towards the EU. The EU, so called normative or soft power based on rule of law, rules-based liberal global order, has softly rejected this proposal, dictated by lack of trust and proper knowledge of the Chinese intent. It is not surprising that one of the previous Summits did not produce even a document, and as late as in April 2018, the EU ambassadors in Beijing (with the exception of Hungary) produced a joint unofficial position, expressing concerns on growing China’s influence on the continent and denouncing the BRI as “the global infrastructure project for hampering free trade and giving an advantage to Chinese companies”.³³

The hesitation and concern of the European elites is probably expressed by some of the major European think tanks. Located in Berlin, the Mercator Institute on China Studies (MERICS) has produced not only a mapping of the BRI, but also several well-researched and documented studies, strongly confirming the new Chinese engagement and impact in Europe.³⁴ The studies have also express skepticism if the BRI projects would be implemented according to the high environmental, social, and economic standards followed by Europe.

In one of its studies, MERICS proposed intelligence sharing on the new Chinese infrastructure projects and business activities, proposing establishment of local networks, including think tanks, academia, business circles and even the EU delegations, especially in the BRI priority countries (like Greece, Germany, Poland, etc.). This kind of exercise will definitely need some extra budget.

³² “EU-China Summit, Beijing”, see <http://www.consilium.europa.eu/en/meetings/international-summit/2018/07/16/>

³³ Ravi Prasad "The EU Ambassadors Condemn China's Belt and Road Initiative", <https://thediplomat.com/2018/04/eu-ambassadors-condemn-chinas-belt-and-road-initiative/>

³⁴ “Responding to China Belt and Road Initiative: Two steps for a European strategy,” see <https://www.merics.org/en/blog/responding-chinas-belt-and-road-initiative-two-steps-european-strategy>

However, one of the most important factors is clear-cut: unfortunately, “the EU is lacking both the institutional capacity to deal with the BRI and a coherent narrative to compete with it”.

MERICS has also provided a data file on the new Chinese investment in the EU, while the prestigious European Council on Foreign Relations (ECFR) with the head of its Asia program Francois Godemont in late 2017 has produced a study, or almost a fact file, based on rich variety of interviews, absolutely crucial to understand the new Chinese activity on the continent. Aptly titled “China at the Gate. A New Power Audit of EU-China relations”, the study very strongly concluded: “China is now inside Europe”.³⁵

Godemont, as seen from his commentaries, is convinced that “Trump cannot bring Europe and China together”. In one of his co-authored works, Godemont has mentioned the new Chinese investments, fusions and business activities, with all details gathered together during study tours and interviews conducted in the EU member states. The authors have quoted then Foreign Minister of Germany, Sigmar Gabriel, who said: “if we do not succeed in developing a single strategy towards China, then China will succeed in dividing Europe”.

Among the fresh ideas elaborated in “China at the Gate” came out a proposal, quickly implemented in early 2018, which was to complete the construction of an EU-wide system of investment screening. Like in many other documents, the necessity to “replace of dispersion with common strategies” was also strongly underscored as one of the EU priorities. The authors agreed that “China’s game with Europe is seldom directly confrontational”. The question regarding whether EU needed to engage or confront China, according to the authors, would remain a crucial challenge in near future. The EU-China relationship remains a challenging one, as China’s new investments in Europe should be measured and scaled according to another dimension: opportunity versus security. The Chinese proposal are ambiguous – and remain as a source of concern. The EU has different trajectories, different interests, and Chinese “win-win” proposals, so frequently displayed, cannot mean: 2:0 to China.

However, the scenario has been undergoing a change. Two other experts of the European Council on Foreign Relations (ECFR), Angela Stanzel and Mathieu Duchatel also argued in their work released in mid-2018 that the major European countries, Germany, UK, France and Italy, will

³⁵ Francois Godemont and Abigail Vaseellier, “China at the Gate: A new power audit of EU-China relations”, see https://www.ecfr.eu/publications/summary/china_eu_power_audit7242

adopt an investment screening mechanism soon, and strengthen their economic defense against China.³⁶ One of the most important Polish (and Central European) think tanks, the Centre for Eastern Studies (OSW), which also prepared a meticulous report on Chinese railway proposals,³⁷ in one of its recent analysis has openly stated that the German government in mid-2018 had changed its strategy and is ready to defend the German companies more assertively against the Chinese takeovers. It remains to be seen how these policy proposals will pan out in reality.

Another important European voice is the Brussels based economic think tank Bruegel, which initiated a cooperation of four leading think tanks (Chatham House, the China Centre for International Economic Exchanges and the Institute of Global Economics and Finance at The Chinese University of Hong Kong) and published an important study on “EU-China Economic Relations to 2025. Building a Common Future”.³⁸ Since it was not only a European initiative and perspective, the arguments used were found to be different – and not so antagonistic to China – like the ones produced by MERICS or ECFR. This seems to be an appeal of bigger EU-China cooperation “with the rise in global uncertainties”. This relationship involves the second and the third economies, who are ready to take responsibility for global affairs and challenges, and more importantly to uphold the rules-based, global free trade system. Thus, China is seen in this perspective not as a challenger, but as a rich source and opportunity for fruitful cooperation in such multiple and diversified areas as trade and investment; infrastructure; energy, the environment and the Paris climate change agreement; science, technology, innovation and industrial cooperation; financial services; people-to-people exchanges; and global governance. How to make the relationship stable, strong, balanced and sustainable remains a major part of the discourse. According to the authors of the report, both sides should remove the obstacles, including mutual lack of knowledge, stereotypes and prejudices.

³⁶ A. Stanzel, M. Duchatel "Europe's China vetoes", https://www.ecfr.eu/article/commentary_europes_china_vetoes_investment

³⁷ Jakub Jakóbowski, Konrad Popławski, and Marcin Kaczmarski, “The Silk Railroad. The EU-China rail connections: background, actors, interests”, see <https://www.osw.waw.pl/en/publikacje/osw-studies/2018-02-28/silk-railroad-eu-china-rail-connections-background-actors>

³⁸ “EU-China Economic Relations to 2025. Building a Common Future”, see <http://bruegel.org/2017/09/eu-china-economic-relations-to-2025-building-a-common-future/>

Benefits and Risks – A Comparison

Rising China seems to be too big to fail. With its current 17.5 percent of global GDP share and continuing high growth rate (not double digit anymore, but still more than 6 percent in recent years) it not only quickly catching up to the US (around 22 percent of global share), but also the EU, which as a result of Brexit (to be finalized at the end of March 2019) will no longer be a bigger economic entity than China. The EU no longer seems to be in a position to dictate terms to China on normative (human or minority rights, legal requirements) or economic issues. It is necessary to adjust to this new situation.

Like in every democracy, opinions concerning the BRI in the EU are diversified: some see it as opportunity, some as a threat, still another as a chance or challenge. However, it seems, that the Chinese initiative can be judged as a proposal giving a chance but one that is accompanied by some risks as well.

Eventual benefits are mostly economic by nature, starting from – already established – China-EU Co-investment Fund (CECIF) – of 600 million euro, targeting 1.2 billion euro, which has a task to develop a synergy between BRI and so called the Juncker Plan from November 2014 o “EU Infrastructure Investment Plan” of about 315 billion euro. Here, the aims and goals of both sides are compatible.

Complimentary for both sides are new market opportunities and mutual commitments to give market a more decisive role, even if the trade balance is so unequal and not so beneficiary for the European side.

There are challenges being perceived to the West dominated liberal order from countries like China and Russia, supported by the unconventional approach and behaviour of President Donald Trump on the global arena. The world is not unipolar, Western, Atlantic or liberal anymore, but it seems to be in a time of transition and change. Whatever be the final result of this change, China’s role in it is constantly growing – and probably will be keep growing at least in the near future, as there is no outside danger for the PRC, except many domestic challenges (from quantity to quality change, destroyed environment and pollution, inequalities – social, regional and economic, growing authoritarian tendencies, quick urbanization effects, peaceful reunification with Taiwan, etc.).

As a re-emerging giant China seems to be more and more indispensable as a partner and player both in creation of a new global order, as well as in humankind fighting against the so-called global challenge, starting from nuclear proliferation, through environmental issues, up to climate change or use of rare earth elements in high tech and innovation process.

From this perspective the Chinese commitment to combat climate change and investment in clean energy is very positive, even if most feasibility studies of the BRI projects do not include transparent statements in this respect. How to create compatibility and build consensus between China's and EU's approaches remains a challenge.

A number of risks seems to be associated with the eventual implementation of the BRI when seen through the EU's perspective. These risks include property rights and legislation, issues related to engaging Chinese state-led companies as well as its workers or engineers. As it was openly stated in the letter of the EU ambassadors in Beijing mentioned above: China under the BRI umbrella is “pursuing domestic political goals like the reduction of surplus capacity, the creation of new export markets and safeguarding access to raw materials”.

The new Chinese investments, implemented or only declared, combined with a strong push for fusion and mergers, especially in the high-tech field, is producing a new set of concerns – that of new division lines. In effect, as the response towards the BRI in the EU member states is highly differentiated (Germany and Italy for cautious cooperation,³⁹ Hungary and Czech Republic for stronger links, with Poland or Baltic states, with their security concerns and American-oriented policy, almost indifferent to the Chinese proposals). The latter, more and more frequently, see the BRI as “an unfair” proposal and something the Europeans, need to worry about.

Conclusion and Policy Recommendation

Indian Perspective

It must be made clear that China's BRI will not come on the way of an effective bilateral Sino-Indian engagement. There are serious efforts being made by both the leaders of India and China to

³⁹ Konrad Popławski, “Germany: New Barriers for Chinese Capital” see <https://www.osw.waw.pl/en/publikacje/analyses/2018-08-08/germany-new-barriers-chinese-capital>

move forward and evolve a robust constructive engagement. After the informal summit in Wuhan in April 2018, the two leaders had met on two other occasions during the SCO Summit at Qingdao and in the BRICS Summit at Johannesburg in South Africa in June and July 2018, respectively. In a multipolar world, India has been attempting to balance its relations with all the major powers. China certainly figures prominently in India's radar screen in building mutual trust and confidence. Whether President Xi's signature political move launched as the BRI will contribute to global public good is being debated across the globe? India shall pursue an independent path in its foreign policy orientations and preserve the strategic autonomy in the decision-making process.

China remains India's largest trading partner and it works largely as a zero-sum game because of export-import ratio. India's trade deficit with China during 2016-2017 was \$51 billion. India would require to work with all concerted effort in bringing more Chinese investments as well as increase exports with China to make a win-win situation irrespective of its decision on not joining the BRI. The onus on India lies in working with like-minded countries which have similar apprehensions and perceptions like the European Union and help build the new global order.

India strongly believes that China shall follow international norms and respect territorial sovereignty of other countries. India's approach to BRI, by and large, is being guided by the concerns emanating from CPEC. There are countries like Bangladesh which openly has put economic considerations over sovereignty. The differing perspective on China's BRI is evident. The United States' and Japan have shown their apprehensions on China's ascendancy through this connectivity project and the BRI might institutionalise a China-centric regional order. The EU has differing perspective on BRI. There are countries like Greece, Hungary, Poland and many others in the EU, which have shown a high degree of enthusiasm in China's BRI. Others like Germany and France are skeptical of the BRI's success and raise serious doubts on the nature of the funding for the connectivity project. Whether China will commit to the institutional norms remains a major part of challenge. China has found a great support from the Southeast and the Central Asian countries in addition to the South Asian countries minus India.

The enthusiasts of China's BRI would require to wait unless and until the connectivity project gets culminated from intangible to tangible. Undoubtedly, the BRI remains a highly ambitious project where China has not only been committing to enhance connectivity across spectrum whether it is rail or road connectivity in addition to building ports to create their sphere of influence but it has

demonstrated that the parties to the BRI would get connected digitally and culturally. China will be technically attempting to build the “Digital Silk Road” which ultimately will promote e-commerce among the member states.

Many of the supporters of China’s BRI have unfortunately not done the feasibility study of the connectivity project. The requirements of the three trillion-dollar investment by China will certainly need a comprehensive study on the viability. The actual investment by Chinese companies in many of these identified connectivity projects will require a cost-benefit analysis. A number of countries party to China’s BRI have poor governance as well as there seems to be a lack of an effective institutions to work with. Such issues will come on the way of Chinese companies to make the investments and realise the goals of China.

India has to be pro-active in maintaining its strategic influence independent of China’s entry in a big way both in its vicinity as well as its extended neighbourhood. The parties to China’s BRI should understand the implications of such initiative. India shall intensely think of stepping up all its efforts in promoting connectivity with its neighbours. India in the current era of geopolitics should be open enough to all the ideas which would help protect its interests. Sooner or later, both India and China would be required to assume the responsibilities to lead the world affairs.

India’s broader concerns could be amenable if China makes the BRI completely multilateral. It should not be a single grand initiative. The blueprint of BRI should have been written by both India and China. The initial consultations with India should have been given priority and taken as a mandatory requirement by China. Each and every dimension of the BRI should have been jointly spelt out by both India and China. There is a dominant view that if the BRI has to be successful then India has to be a part of it.

EU Perspective

As per the EU perspective, it must be emphasized here that the BRI was never properly defined, even by the Chinese, who claim that it is rather “a vision” than a mere infrastructure program. The West, including the EU, up to now is accepting it as a kind of development strategy focused on connectivity and – mainly economic – cooperation of the Eurasian states. China has been claiming a “new era” and also scheduling a road map towards the Great New Renaissance of the Chinese nation with the articulated benchmarks by 2021 (middle class society), 2035 (innovative society)

and 2049 (full Rejuvenation). Thus, it seems like a new power centre is going to emerge across the globe. China has been reflecting its assertiveness and articulating ambitious goals to claim its supremacy. China's strategy towards the BRI will complement its desired goal in declaring its ascendancy. The EU has to assess this vision of China more cautiously.

With BRICS, Shanghai Cooperation Organization (SCO), AIIB and Silk Road Fund, China emerged as a renewed Eurasian player, ready to build ports, roads, tunnels, high-speed railways, and other forms of infrastructure, boosting economic, financial and trade cooperation. As Xi Jinping said at the Boao Forum– “new technologies, new products, new business patterns, and new business models” should form a preferred mode of strategy. The Middle Kingdom has come out with practically global ambitions in scope, proposing in fact a new global order led by its inherent economic and military strengths.

Europe and the EU should realize this as soon as possible, and craft a set of strategy to promote the larger interests. China now, unlike few years ago, seems to play the role of a “responsible stakeholder”, ready to fight for common (humankind) goals of non-traditional security threats such as terrorism, climate change or environmental pollution. China in addition to other emerging economies will have to evolve a set of recommendations to address the challenges emanating across the globe. It seems the world has started to realize that the old liberal and Atlantic dominated global order is coming to an end. Hence, the onus will also be on the EU to remain united and preserve the integrity and the old liberal order.

However, it is more than obvious that Europe and the EU needs to build a solid understanding of the BRI,⁴⁰ combined with an urgent – and strongly neglected earlier – task of preparing a common strategy towards China, its new global role and the BRI (16+1) inside. One is witnessing a real power shift – from the Atlantic to the Asia-Pacific region, with a prominent role of China (followed by Japan, South Korea, “four economic tigers”, but also Indonesia and India) in the process. The time has come to adjust to it, even if this exercise is painful (and shocking sometimes) to current powers. China will be on its spree of achieving its strategic ambitions to become a global power.

⁴⁰ Jeff Smith, “China's Belt and Road Initiative: Strategic Implications and International Opposition”, The Heritage Foundation Backgrounder, 9 August 2018, see <https://www.heritage.org/asia/report/chinas-belt-and-road-initiative-strategic-implications-and-international-opposition>

Conclusion

The research study has identified both convergences and divergences in terms of understanding India – EU perspectives on China’s BRI.

Convergences

1. China’s BRI came as a real surprise, it was - and still is - a vision, or concept unexpected, non-transparent, distinct but vague.
2. By announcing the BRI China has been posing the challenges to a number of major powers including the power centres of the globe.
3. On both sides the real response strategy to the BRI is missing, which is an important missing link, as China has pronounced and announced its global vision and geostrategic blueprint. There is lack of a well-articulated strategy to respond to the BRI.
4. China’s BRI seems to be potentially dangerous because both India and the EU’s geopolitical interests are at stake.
5. The landmass connectivity (Silk Road Economic Belt) across continents is being viewed differently by India and the EU.
6. The 21st Century Maritime Silk Road, relatively less important to the EU, seems to be highly ambitious geostrategic project of special attention of India, as in India's opinion through its implementation China even could create its own sphere of interests among the Indian Ocean littoral states.
7. The economic and technical feasibilities of both lines of the BRI are yet to be properly understood. However, five years of experience with their implementation leads to - more and more convincing - conclusion that it is largely for geostrategic and geo-economic games which could help push for a new global order.
8. China's official claim of “win-win” solution frequently leads to “China 2:0” scenario, that is that China, its companies, workers and engineers are the primarily winners of the investment proposed under the BRI umbrella.

II. Divergences

1. The members of EU are divided on the issues relating to China's BRI. Economics becomes the key aspect of EU's strategy for potential cooperation. On the other hand, India's objection to BRI completely rests on its sovereignty.
2. The EU member states are divided in their assessment of the BRI, undermining and weakening the EU's institutions positions on it, while India so far has shown its deep conviction to get out of it if not completely dissociated from this array.
3. Even if the EU would have accepted China and India coming together, for instance under the BRICS or Emerging Markets umbrella, the BRI is completely different than the way China has been portraying prior to its announcement.
4. The EU does not share India's - widely accepted - position, that the real intent of China is mainly on encircling India.
5. The respective understanding by both India and the EU on what China - and its BRI - really means for Eurasia is completely different, partially due to its completely different geographical location, partially due to its different interests.

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