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SADF COMMENT

## ‘The CPEC from an Indian Perspective’

The international hype surrounding the China-Pakistan Economic Corridor (CPEC) and its implications for the South Asian security complex\* has caught the attention of India’s strategic community. The country’s reaction can ultimately change the dynamic of the troubled trilateral relationship – but so far the domestic debate has yet to gain traction. The CPEC – while not an integral part of the major Chinese connectivity project called ‘One Belt One Road’ (OBOR) which is set to become one of the legacies of the current Chinese leadership under President Xi Jinping and Premier Li Keqiang – is both a potential hub for two components of the OBOR, the Silk Road Economic Belt (SREB) and the Maritime Silk Road (MSR) and an additional strategic access route to the Indian Ocean in its own right. As China, with the realization of this corridor from Kashgar in Xinjiang Province to Gwadar Port in Baluchistan, seeks to set up an alternative artery for its trade and energy supply.

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\* For more on this issue please see: Buzan, Barry, and Ole Wæver. 2012. *Regions and Powers: The Structure of International Security*. Vo. 91. Cambridge Studies in International Relations. Cambridge: Cambridge University Press.

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Even though its feasibility and economic value is somewhat doubtful due to harsh weather conditions (the Khunjerab Pass and much of the Karakoram Highway is shut down in winter), local resistance and corruption as well as disrupting terrorism, only China is considered capable to implement such a mammoth project. Another important aspect of the CPEC is the further deepening of the China-Pakistan relationship, which would strengthen Pakistan strategically and possibly economically. The intended \$46 billion investment accounts for twice the amount spent by the United States since 2002. However, the expected geo-strategic enhancement of Pakistan combined with China's growing role in South Asia has not gone unnoticed in New Delhi. Since 2013, even under the UPA government India has lodged protests against the implementation of the corridor. Both Prime Minister Modi and his Foreign Secretary Sushma Swaraj have called the project unacceptable for India. In general, official India's stance so far has been to reject the CPEC due to the inclusion of Gilgit-Baltistan into the economic corridor, which in Indian terminology is part of Pakistan occupied Kashmir (PoK). Furthermore, Chinese statements that referred to the territory as a part of Pakistan – in contrast to its previously neutral position on Kashmir's status – have upset the Indian side. Besides this focus on territoriality, India has yet to comprehensively articulate its approach. The strategic community and the informed public, however, have taken a broader perspective as there are basically two competing positions in the ring now; one a hawkish and more Realist one and another more accommodationist, Liberal one. The hawks (cross-cutting party allegiances from Congress Nehruvians to Hindu nationalists and reflecting IR as well as domestic cleavages) argue that the CPEC should be regarded as a strategic game changer with potential military-strategic ramifications. For them this new level of China-Pakistan cooperation should be met with upgrading India's military capabilities especially by expanding its blue-water navy to effectively limit China's access to the Indian Ocean. Furthermore, India should renew its decades-long efforts to uphold strategic unity with other South Asian Association for Regional Cooperation (SAARC) countries to balance both China's OBOR-project and its more assertive interpretation as a 'String of Pearls' approach to secure choke points and major sea lines in the Indian Ocean. So according to the Realist perspective India should use all instruments at a state's disposal like the alleged attempts by the Research and Analysis Wing (RAW) to sabotage the CPEC by fomenting resistance on the ground. As India cannot yet compete with China on a one-to-one basis economically in the Maldives, Sri Lanka, Mauritius or Myanmar it should nonetheless devise a Grand Strategy for the Indian Ocean region and South Asia comprehensively and coordinate its policies with other nations ranging from the United States and Japan to Russia and Iran.

The other perspective with proponents like Raja Mohan has a more accommodationist view, Bajpai calls them 'Neoliberals', and regards China's initiative of regional economic corridors as a potential opportunity for India as it would curb terrorism and stabilize Pakistan by triggering an economic boom. Basically a two-track strategy is propagated based on the recognition that in China's perception India is just a minor competitor. More importantly since China had been granted an SAARC observer status in 2005 the country's posture, as 'the elephant in the room' in South Asia cannot be reversed in the short term. Therefore these 'Liberal Globalists' propose to engage China in various ways; be it in the so called 'all weather' strategic-dialogue with respective redlines concerning China's support of Pakistan (Afghanistan, submarines); be it in a complete turnaround in India's policy on territory and borders by proposing an inclusion of India, Iran and Afghanistan into the CPEC-project. An additional suggestion is to link the Bangladesh-China-India-Myanmar Economic corridor (BCIM-EC) with the CPEC so that economic corridors are not built around but with India. China, however, has already threatened to sideline India in the BCIM-EC framework if the country is resisting its evolving new Asian order on other fronts. But still Liberals point to the mutually beneficial relations regarding the Asian Infrastructure Investment bank (AIIB) or the BRICS-led New Development bank where a constructive engagement with China has been possible.

Besides engagement the proposed Liberal strategy would rest upon internal balancing; meaning a continuing emphasis on domestic economic growth plus the implementation of SAFTA (South Asian Free Trade Agreement) and the pursuit of independent, strategically crucial, projects like: 'Mausam' or the 'Spice' and 'Cotton Route' projects focusing on the wider Indian Ocean region or implementing the announced 'North-South Corridor' with Russia (that has huge infrastructure schemes of its own) and Iran (with its ports of Chabahar and Bandar Abbas) as well as the transformation of the 'Look East' into a proper 'Act East' policy. Prime Minister Modi has put all these initiatives on the agenda recently and China has reacted by offering to look for synergies with these Indian plans. How India's policy will actually evolve remains to be seen; so far India has not been successful in fending off China's intrusion into South Asia. Even if India is adopting a mix between Realist and Liberalist policy prescriptions I would argue that only the country's integration into the CPEC project qualifies as a real strategic game changer.

**Biography of the author**

Mag. Bernhard M. Beitelmaier-Berini is a Research Fellow at the SADF; he holds a Magister degree in Political Science from the University of Salzburg and is currently a PhD Candidate at the South Asia Institute (SAI) Department of Political Science, Heidelberg University. Bernhard Beitelmaier-Berini's research interests focus on Indian foreign and security policy.