

PROSPECTS OF CHINA'S BELT AND ROAD INITIATIVE (BRI) ON PAK-INDIA RELATIONS

Muhammad Shafique ur Rehman*

Tahir Mahmood Azad†

Muhammad Sadiq‡

Abstract

China's Belt and Road Initiative (BRI) is a game changer because it offers comprehensive plans for socio-economic progression and regional integration at the global level by providing linkages through land and sea routes. As for South Asia is concerned, it is the least integrated and backward region and BRI's two plans, China Pakistan Economic Corridor (CPEC) and Bangladesh China India Myanmar Corridor (BCIM) have the potential to upraise the regional economy. The main obstacles on the way to South Asia's economic progression are the persisting mistrust between India and Pakistan and ongoing Sino-Indian standoff. The CPEC and BCIM will create win-win scenario for China, India and Pakistan that compel them to cooperate with one another. To realise the association between economic development and stability, the theory of neo-functionalism provides understanding to comprehend this debate. The connectivity between CPEC and BCIM will be advantageous to India and Pakistan for their economic rise and eradicating mistrust between them which will lead towards regional peace and stability.

Keywords: CPEC, BCIM, BRI, South Asian Stability, Regional Integration

*Visiting faculty member National Defence University, Islamabad. Email msrahman65@yahoo.com

† Visiting Research Fellow, Centre for Science & Security Studies (CSSS) War Studies Department, King's College London. Email: tahir_mahmood.azad@kcl.ac.uk (Corresponding Author)

‡Visiting Research Fellow Centre for Science & Security Studies (CSSS), War Studies Department King's College London. Email: muhammad.1.sadiq@kcl.ac.uk

INTRODUCTION

The post-Cold War scenario has disturbed the global strategic architecture and compelled the states to rearticulate their strategic plans to comprehend the forthcoming coincidences. Within this context, China reformulated its strategy and pronounced the policy of peaceful rise through economic development (Yuan, 2011) that provided boom to China's economy with the existing GDP of around 10 % (China's Economic Rise, 2019).

For sustaining its economic rise and establishing trade relations at the global level, China initiated a comprehensive plan for regional connectivity with the name of Belt and Road Initiative (BRI) (Jacob, 2017). BRI is basically the revival and expansion plan of ancient Silk Road supplemented by a maritime front. According to World Bank, 'the motive behind BRI is to improve infrastructure and industrialization -with trans-continental dimension (The World Bank, 2018). The BRI is portended by its exponents as a substance for economic progression, social expansion, and regional cooperation. China issued a white paper in March 2015 and identified five goals of BRI: policy coordination, unimpeded trade, facilities connectivity, people to people bonds and financial integration (NDRC, 2015). To comprehend these goals, China proposed a comprehensive plan and referred two mega projects: Silk Road Economic Belt (SREB) comprises on land based projects and 21st Century Maritime Silk Route Economic Belt (CMSR) encompasses sea based projects, (Wolf, 2020) and these are indicated in Figure 1.

Figure 1: Belt and Road Initiative



Source: www.worldbank.org/en/topic/regional-integration/brief/belt-and-road-initiative

SREB emphasis on the Eurasian region and incorporates economic cooperation, infrastructural development and establishing connectivity linkages between Asia and Europe (Wolf 2020). SREB consists of six economic corridors: (1) Northern Corridor provides connectivity between China and Europe via Russia (2) the Central Corridor connects China with Europe through Iran and Turkey, which is based upon both land and sea routes (3) China-Magnolia-Russia Corridor (4) China-Southeast Asia mainland Corridor (5) Bangladesh-China-Myanmar-India Corridor (BCIM) and (6) China-Pakistan Economic Corridor (CPEC), (Wolf 2020). Likewise, CMSR aims to provide connectivity between Chinese Coast to Europe via South China Sea, Indian Ocean, and South China Sea to South Pacific (NDRC, 2015).

This research refers to the prospects of BRI on Pak-India relations and two corridors BCIMC and CPEC of SREB are directly concerned with it. Pakistan and India are traditional rivals since their inception who are at loggerheads over several issues. Despite bearing some common characteristics, i.e., common language, cultural and social background, trust deficit is the main impediment between them. Moreover, according to Chronic Poverty in South Asia 2019, both the

states are considered as the least developed areas where a huge number of chronically poor populace exist under below poverty line and around over one third of their population is persisting under acute poverty conditions. BRI might play a substantial role for eradicating their chronic poverty circumferences. Several studies have evaluated the various factors that have direct provocations on the two-sided ties, plans for uplifting economic relations and emerging trends of trade relations between India and Pakistan (Amita, 2005; Karim & Islam 2018; Abid, 2005). Thus, the two corridors of BRI (CPEC and BCIM) might become game changer for engrossing their economies, thus, this research intends to seek the answers to the following questions:

- What are the main reservations from India and Pakistan about CPEC and BCIM?
- What are the prime challenges for China in establishing CPEC and BCIM?
- What will be the main inducements due to which CPEC and BCIM will become mutually advantageous for India and Pakistan?
- What will be the role of BRI's CPEC and BCIM in promoting regional integration that will lead towards regional peace and stability?

This debate revolves within theoretical framework and two schools of thought, the liberals and neo-functionalists provide understanding to grasp this research and the most appropriate theory is neo-functionalism that provides insights to answer the given questions.

Theoretical Explanation

Pakistan-India trade relations have remained strained due the persistence of mistrust between them. Neo-Functionalists and liberals provide theoretical understanding to comprehend the mistrust and for promoting Pakistan-India trade relations. Liberal theorists mainly believe in trade interdependence, economic cooperation, minimize

risks of military conflicts and endorse peace. Several studies from liberal school of thought believe that the amplification of connectivity in one area instigates further cooperation in the remaining areas (Dougherty & Pfaltzgraff, 2001; Hass, 1958; Mitrany, 1964).

Interstate linkages have substantial impact on reducing their conflicts, misunderstanding and intensify institutional and cultural mechanism that endorse interstate peace and stability. Rosecrance explicates that economic integration illustrates as the relationship between conflict to a state and trade are inversely proportional to each other. Because the conflicts would become negotiated by intensifying trade relations and vice versa (Rosecrance, 1986). Polachek described the relationship between conflict and trade as the states are indebted to halt conflicts against their trading partner by highlighting the expected losses associated with trade (Polachek, 1980). Likewise, the political elite is deterred from starting conflict against their trading partners by convincing them about the calculated losses and welfare gains associated with trade (Barbieri, 1996).

The theory of Neo-Functionalism is mainly concerned with regional integration and was offered in 1950 on the notion of European integration. The theory revolves around the idea of 'spillover' as it examines the state's cooperation in one sector provokes the inducements to regional relationship in the other sectors (Gehring, 1996; Hussain, Ke, Bano, & Hussain, 2020). The idea of 'spillover' is based on two logics. One is an exclusive logic that elaborates the conditions due to which the integration of one area creates enticements and pressures to the integration of other relevant areas. The second logic deals with the widening of integration within the same area (Rosamond, 2000).

Neo-Functionalism rests on three assumptions as: (1) when states decide to cooperate in a particular area it creates the conditions for cooperation in the adjacent relevant areas. This assumption is directly associated with spillover effect as the maximum benefits of integration of area A can be recognized with subject to cooperating

with areas B and C. (2) Neo-Functionalism aggravates economic integration that leads to intensification in cooperation between the stakeholders within integrating region. Accordingly, the stakeholders of the states of integrating region politically cooperate with one another to compel their political elite for further integration. (3) The multinational body designed to supervise integration i.e., European Commission in the case of European Union, initiates the strategies for further integration within the integrated areas and intensify integration to the remaining areas. This can be materialized by promoting the advantages for further integration with the coordination of supranational bodies (Jensen, 2013).

The South Asia is the least integrated region especially due to the existing rivalries between India and Pakistan. The two states share a long border over 2000 km, but their trade is hostage due to their strategic disagreements. China's BRI offers them the linkages to initiate trade relations which will lead towards economic integration that will further generate room to instigate peace process between them due to the spillover logic of the theory of Neo-Functionalism. The succeeding sections of this research investigate the main snags on the way to Pak-India trade relations and find out the way forward within the prism of the theory of Neo-Functionalism.

BELT ROAD IMITATIVE: AN OVERVIEW

China's BRI is a huge multibillion-dollar project with an ambitious determination through trans-continental extents for promoting industrialisation and improving infrastructure. It is estimated that the volume of China's investment on BRI is around US\$1000 billion, and it is comparatively seven times bigger than the US Marshal Plan that was initiated 70 years before (Wolf, 2020). BRI comprises on more than 1000 distinct projects initiated in 80 states- representing around 4.4 billion people which is relatively the two third of the world's population (Wolf, 2020). The overall GDP of the participating states is almost US\$ 23 trillion (Wolf 2020). Furthermore, under BRI, China

will construct 172 water reservoirs with the investment of US\$ 87.6 billion by 2020 and 1600 airports with the investment of US\$ 23.3 billion by 2030 (Deepak, 2018).

BRI is not simply designed for establishing infrastructure and trade but it is evaluated in broader spectrum. A German researcher explicated BRI as: 'a vision for launching comprehensive political, economic and cultural networks to endorse linkages and cooperation among the cities, states and regions along Silk Road' (Godehart, 2016) including the West Europe, Middle East, North Africa, West Asia, Southeast Asia, South Asia, independent states of commonwealth, Russia and Mangolia (Safi & Alizada, 2018). BRI corridors grasp Hamburg, Rotterdam, Madrid, and Prague in Europe and stretch to East and North Africa encompassing them into a continental network based on ports, railways, and roads.

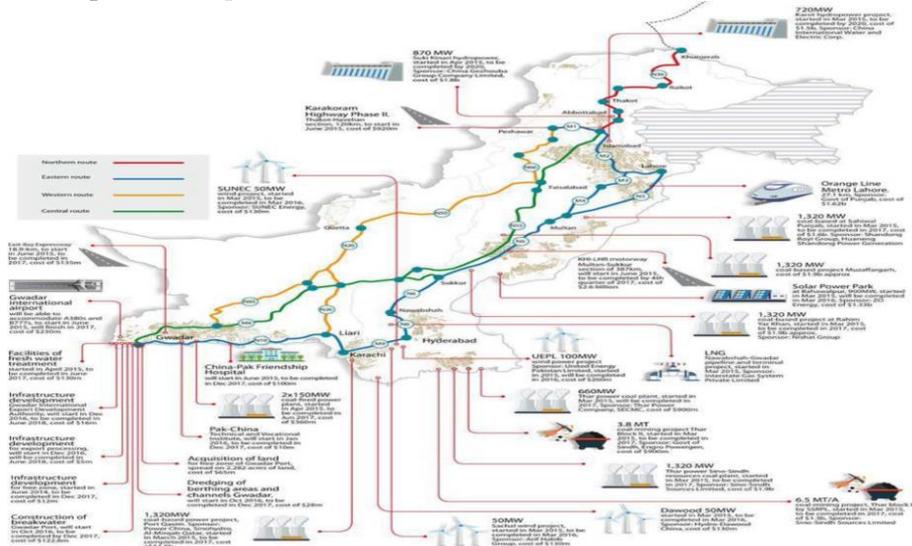
In response, the international community welcomed China's BRI during BRI forum held on April 2019 in Beijing where 29 heads of the states, 70 international organizations and 130 delegates participated in it and over 68 countries expressed their interest in BRI (Kumar, 2019.) Some states i.e., Japan, France, UK, Germany, and the US expressed their concerns and their representatives participated in BRI forum (Kumar, 2019). On the contrary, India did not participate even and India's reservations about BRI are evaluated in the succeeding sections of this research.

The volume of BRI and its appreciation indicates its significance at the global level even despite concerns, some important states expressed their intents by sending their representatives. At the regional level, two projects CPEC and BCIM have the potential to become game changer not only within South Asia but for the remaining regions as well. Two states; India and Pakistan might become the main beneficiaries of these projects.

The idea of CPEC was originated by Chinese Premier Li Keqiang during his visit to Islamabad in 2013 where he stated, 'CPEC would

be the main source of connectivity with CMSR and will provide linkages to 3 billion people of Asia, Europe and Africa (Ayub, 2013). Despite provoking financial benefits, CPEC has the potential to comprehend five goals of BRI (as stated above) among the states located around CPEC. CPEC is largely two-sided agreement between China and Pakistan and is based in Pakistan. Agreement on CPEC was signed in Islamabad on April 2015 and the two states (China and Pakistan) signed memorandum of understanding 5 mega projects and 51 agreements. The estimated cost of the project was up to 62 billion USD (Butt & Butt 2018; Sadiq, 2017). The projects relating with CPEC were planned to be completed in three stages. First stage was estimated to be accomplished in 2017, second stage 2025 and the third stage by 2030 (The News, 2014). CPEC comprises on four areas of investment i.e., energy, infrastructure, industry, and Gwadar Port (Rahman & Rehman, 2020). Road network of CPEC is based upon multiple roads and railway projects comprises Gwadar Port to Kashgar that covers around 2500/3000 kms. Proposed infrastructure and three main land routes of CPEC are indicated in Figure 2.

Figure 2: Proposed Infrastructure and Road network under CPEC



Source: www.pu.edu.pk/images/journal/pess/PDF-FILES/9_V54_SUM2016

Likewise, BCIM corridor comprises on a linkage from Kunming to Kolkata via Mandalay on Myanmar, Benapol on India, Dhaka, and Jessore on Bangladesh (2800 km). Primarily, the main objective of the project was to activate a forum at the intergovernmental level to promote connectivity and trade from Kunming to Kolkata (Oberoi, 2013). The idea of BCIM initially originated in 1999 and was known as the 'Kunming Initiative' for providing the road linkages to the backward areas of land-locked Southwest China to Eastern India along with Bangladesh, Myanmar stretching to northeast region of India (Oberoi, 2013). Within the parameter of BRI, the main objective of BCIM is to connect eastern China with South Asia that will ultimately lead to Southeast Asia and fulfil BRI's goals (Oberoi, 2013). For the progression of the project, a Joint Study Group (JSG) was formulated with the collaboration of all four states (Sajjanhar, 2016). Several valuable propositions were contributed from Bangladesh and Myanmar for the advancement in the project that exacerbated momentum for developing the infrastructure between western region of China, Bangladesh, and Myanmar. JSG has gone through several studies relating to improving trade, people to people contact and boosting connectivity. The JSG projected its 'Three Ts' proposition: Trade, Transport and Tourism (Oberoi, 2013).

BCIM comprises on multiple linkages such as roads, waterways, air and railways and endorses trade facilitation, digital connectivity, lowering trade barriers and initiatives for smooth functioning of transportation of goods, investment and services (Sajjanhar, 2016). BCIM has the potential to engender huge financial benefits in investment, transport, energy, communication linkages and trade. The route of BCIM is rich in minerals and natural resources. BCIM includes 165,000 sq km of area and bears the population of around 440 million people (Sajjanhar, 2016). For materializing BCIM, twelve meetings of JSG were conducted but the forum remained incapable in thought-provoking consensus between the stakeholders. Thus, the project is still under progression and the main reason of disagreement is India's disinclination (Karim & Islam, 2018).

Figure 3: Map of BCIM in South and Southeast Asia



Source: www.google.com/search=Maps52FBCIM+Economic+Corridor

India's Concerns and Options

It is generally presumed that the South Asian region is India's sphere of influence. However, the region is experiencing socio-political-economic and cultural aberrations especially due to China's influence. For instance, China has heavily invested in the region as 14 billion USD in developing infrastructure in Sri-Lanka since 2005. Around US\$ 38 billion USD in Bangladesh and planned to invest US\$ 58 billion in Nepal (Wagner & Tripathi, 2018). India has the apprehensions on such developments that exacerbate China's geopolitical influence in the region that will undermine India's sphere of preeminence. Likewise, all the neighbouring countries of the region have officially become the part of BRI except Bhutan. The three corridors: BCIM, CPEC and China-Southeast Asia mainland Corridor provide connectivity from China to South and Southeast Asia (Chung, 2017). The corridors run close to India's maritime and continental borders thus, India assumes that the corridors might disturb its strategic and security interests (Chung, 2017). In response to India's security concerns about BCIM, China offered assurances that BRI will regard India's territorial and sovereign interests and it will be advantageous for all the states located in South Asia especially for India in future (Jinsong, 2017). Moreover, China's strategic policy

is defensive in nature, and it was articulated as that China's determination for enduring peace might be traced back to 5000 years of its civilization and they have the aspiration to foster friendly relations with the people of remaining states (White Paper on China's National Defense, 1998).

The existing China's policy of peaceful rise through economic integration is associated with its foreign policy based on five principals which include :1) mutual respect for sovereignty and territorial integrity, 2) mutual non-aggression, 3) non-interference in each other's internal affairs, equality, and mutual benefit, 4) peaceful coexistence in developing diplomatic relations and 5) economic and cultural exchange with other countries. These are the same as the Panchsheel Agreement of 1954 between India and China. These principles were further endorsed in the 1955 of Bandung conference of non-aligned nations, where China played an active role.

Another aspect of India's disinclination is the execution of China-India trade deficit as India undertakes that the mechanism of BCIM is designed to accommodate China's import of natural resources and the export of goods to the states associated with BCIM. It will disturb regional trade balance in China's favor and exacerbate a massive trade deficit between India and China (Karim & Islam, 2018). BCIM will provide trade facilities to all member states and India has the opportunity to uplift its trade as India is promoting Act Asia, Sagarmala Project, Think West, North South Transport Corridor and Diamond Quadrilateral Corridor and these projects have strategic and economic dimensions. These projects could be connected with BRI that would exacerbate 'one plus one is equal to more than two' and it would become catalyst in intensifying India's economy.

Likewise, India pronounced serious concerns about CPEC as it passes through Gilgit Baltistan (that India claims as Pakistan occupied Kashmir). India claims it as the part of Indian Occupied Kashmir, and the construction of CPEC will engender 'geopolitical concerns' for India and Pakistan (Ahmad & Malik, 2017). India propagated false

accusation about CPEC as its construction will intensify territorial frictions and disrupt regional peace and stability (Nazir, 2016). Additionally, India has doubts about China's control over Gwadar Port through CPEC that will enable China to reinforce its influence in the Indian Ocean region and undermine India's regional preeminence which will disturb maritime balance of power in the region (Wolf, 2016).

China relegated India's objection on CPEC relating to Kashmir as CPEC is not a new project, but it is the extension of Karakorum highway, which was built in 1960s and become operational in 1980s (Jinsong, 2017). China is not intended in interfering in the sovereign and territorial issues between India and Pakistan and CPEC is a project for intensifying trade links without disturbing their sovereign conflicts (Jinsong, 2017). Moreover, Article 6 of China's boundary agreement with Pakistan also addresses India's concerns about CPEC on Kashmir (Boundary Agreement Between China and Pakistan 1963). In response to India's objection about China's presence in Gwadar, China explained that its ports projects including Gwadar are obviously commercial in nature (Brewster, 2015). Additionally, China explicated that its Naval presence in Indian Ocean is explicitly to encompass piracy. It is watchful to contain any overt Naval presence in the Arabian sea and categorically rejected its ambition to establish Naval bases in the Indian Ocean (The Hindu, 2012).

Another argument behind India's disagreements about BCIM and CPEC is Nehruvian philosophy of 'Greater India' that explicates as, 'India will play a significant role at the global level due to its size and potential' (Nehru, 1945). India's strategic location, size and population inspired India's elite for attaining its primacy both at the regional and global level (Malik, 2001). India's aspiration to become regional superpower and to seek extraordinary status among the international community, as well as Sino-Indian competition for preeminence aggravated trust deficit between China and India. For incapacitating trust deficit and obtaining maximum financial

advantages from BRI, the two states must establish conducive environment for forming confidence building measures by adopting diplomatic channels.

It is the prime opportunity for India to play a substantive role in consolidating regional trade and linkages in South Asia by availing the incentives provided by BRI. Under persisting strategic scenario, India is hardly in a position to comprehend China's offshore assets as well as infrastructural development within and outside the region. Nevertheless, by joining China's BRI, India will be in a better position to protect its interests rather remaining out of it. An interesting development between the political elite of both the states occurred for sustaining the relationships to grasp mutual financial benefits by establishing trade links.

Initially, India offered China to develop Chittagong port in Bangladesh and permitted for limited investment in its northeastern states (Saini, 2019). Besides political strains, China is main source of India's Foreign Direct Investment (FDI) as in 2011, it ranked 35th and arose to 28th in 2014 and became 17th in 2016 (Basrur, 2019). The official statistics indicate that 1.6 billion USD in 2016, but some independent sources claim it around five times as much and these currents originate from Chinese firms located outside China i.e., Macau, Hong Kong, Singapore and the US (Millennium Post, 2018). The highest FDI flows in India is anticipated from China in near future i.e., 42% as compared to the US (24%) and the UK (11%), (The Economic Times, 2017). Presently, China is India's second largest trading partner with the trade volume of over US\$ 81 billion during the financial year 2019-2020. These developments indicate their firm trade bonds, and it is anticipated that these will engender win-win situation for both the states according to the theory of neo-functionalism which will have a spillover effect to mitigate India's concerns about CPEC and BCIM in near future.

CPEC VERSUS BCIM: BENEFITS FOR INDIA AND PAKISTAN

China's BRI triggers the prospects of Asia's economic rise. It is projected that the economic hub will transform in Asia. According to Ban Ki Moon (former Secretary General of the UNO) 'global future is anticipated in Asia and that ours is a rising region of Dynamism, Innovation and Economic Potential' (Moon, 2014). Approximations about Asia's forthcoming economic rise trigger the likelihoods of economic development among the Asian states.

In South Asia, China's BRI provides opportunities for all the regional states for uplifting their economies in general and for India and Pakistan in particular. In this connection, both India and Pakistan must take initiatives for the expansion of BCIM and CPEC to get maximum financial benefits from BRI. India intends to grasp a transit route to trade with Central Asia and Afghanistan via Pakistan and Pakistan aspires to access the markets of Central Asian Republics (CARs) to fulfill its energy needs (Sheikh & Mahboob, 2020). Pakistan's access to CARs would not become viable until it permits Afghanistan the transit passage to reach India. If the Pak-Afghan transit trade is opened to India, it would become pivot for regional economic integration, and it can be extended up to Tajikistan (Sheikh & Mahboob, 2020).

In response to India's desire, Pakistan should demand for the passage for transit trade with Nepal and other states on reciprocal basis (Sheikh & Mahboob, 2020). The CPEC would provide the connectivity for Afghanistan, Pakistan, India, and CARs to North-South regional trade and create economic avenues for Pakistan. Thus, India's insertion to CPEC might be mutually beneficial move for regional cooperation and trust (Ali, 2016). China also aspires for India's inclusion in CPEC as, 'CPEC provides win-win situation for all the states and is not a zero-sum game where India loses and Pakistan gains' (Global Times, 2016). Pakistan has already showed its aspiration about India's accretion in CPEC (Hussain & Jamali, 2019). By joining CPEC, India can avail the opportunity for purchasing

China's products on lower prices by trading via Gwadar port because it would be a less expensive route as compared to the existing route via Indian Ocean.

Presently, Pak-India trade is under strained due to their persisting rivalries. The existing trade between them occurs in two ways, formal and informal. Formal trade takes place through official means and its volume is hardly 2.7 billion USD (Ali, Khalid & Rehman, 2015). Informal trade occurs via smuggling and third countries i.e., via Singapore and Dubai and its volume is estimated over 8-10 billion USD that indicates trade potential between them (Ali, Khalid & Rehman, 2015).

On the contrary, both the states are relying upon distant markets. By establishing direct trade link with India, Pakistan may save around 400-900 million USD through imports (Abid, 2005) because, the transport charges of Mumbai-Karachi route via Dubai are comparatively 1.4 to 1.7 times more from direct Mumbai-Karachi route (Tanija, 2007). India's export potential to Pakistan is around 9.5 billion USD while, Pakistan to India is 2.2 billion USD (Tanija, 2007). An immense trade potential persists between the industrial and business communities of India and Pakistan. For instance, some Indian brands and industries intend to establish their setups and businesses in Pakistan (Tata, Dabur, Tata Motors, Titan Watch Company, Gitanjali, Tata consultancy services (TCS), Biocon and Reliance industries). Similarly, various Pakistani firms are also interested to export their goods to India. Additionally, some other Pakistani items have gained popularity in India as fruits, cotton, rice, surgical items, leather garments and sports items.

At present, Pakistan-India trade takes place through single land route, Wagha-Attari border, and the numerous crossing points might be opened as trade routes between both the states (Hussain & Jamali, 2019; Rahman & Rehman, 2020). CPEC innovatively offers India to open new horizons based on regional cooperation, economic growth, and political stability in South Asia (Hussain, Ke, Bano & Hussain,

2019). Thus, CPEC would have spillover effect according to the theory of Neo-functionalism in resolving the conflicts and promoting peace and prosperity in the South Asian region.

Likewise, BCIM not only provides complimentary in trade for member states (Deepak, 2018) but it would become equally advantageous for Pakistan as well. Pakistan might be linked up with BCIM with existing/proposed India's mini corridors such as Amritsar-Kolkata industrial corridor and Delhi Mumbai industrial corridor (Wolf, 2016). China also intends to integrate BCIM with the infrastructure of CPEC (Karim and Islam 2018), and it would be feasible only by providing linkages to them with India's Amritsar-Kolkata corridor.

Additionally, Pakistan and India are facing serious energy crises and two projects of gas pipeline i.e., Iran Pakistan India (IPI) and Turkmenistan Afghanistan Pakistan India (TAPI) are under consideration to comprehend energy needs. Besides facing multiple constraints, IPI and TAPI will hardly become feasible until all the stake holders come on board (Saini, 2019). Within the existing Pak-India enmities, both the states should accommodate each other on reciprocal basis for materializing IPI and TAPI. For instance, India would seek to get road access to Afghanistan and CARs from Pakistan and in response, Pakistan may approach India for the road access to BICM via Amritsar-Kolkata mini corridor. Amritsar-Kolkata corridor (1924 km) will provide connectivity with Delhi-Mumbai corridor (1418 km) and both the corridors encompass around two third Indian population that may provide a huge market to Pakistan of over 83 million people. BCIM will provide easy access for Indian goods to the big markets of East Asia via Myanmar due to the geo-strategic location of Dawei port of Myanmar (Karim & Islam, 2018). Likewise, if the two states plan to connect CPEC with BCIM through India's mini corridors, it would provide easy access to Pakistan also to reach East Asia. These linkages will not only increase people to people contacts due to common language and cultural norms but also

exacerbate BRI's five goals (NDRC, 2015) and will have spillover effect according to the theory of Neo-functionalism in mitigating their existing issues and upholding peace and stability in the region.

CHALLENGES AND IMPLICATIONS

The accomplishment of two projects of China's BRI: CPEC and BCIM, cannot be projected and interconnected without the consent of India and Pakistan but their persisting rivalries intensify misgivings about these projects. For instance, India intends to disrupt CPEC and planned secret activities as Khurram Dastgir (Pakistan's former minister for defence) expressed, 'India is involved in terror activities on CPEC' (Khurram, 2017). Similarly, Zubair Hyat claimed, 'RAW has established a special wing to sabotage CPEC and for this purpose, allocated over 500 million USD in 2015' (Hyat, 2017). He added that India's secret involvement in Pakistan is exposed in supporting Baluch and other sub-nationalist outfits, Tahreek-I-Talban Pakistan (TTP) and many other groups (Hyat, 2017). Due to certain reasons, Pakistan has been facing multiple security challenges -including radicalization, ethno-political violence, sectarianism and worsening law and order situation since 2001.

India's aforesaid plans triggered these issues and created apprehensions for the completion of CPEC. In India, it is presumed that a politically stable and economically developed Pakistan will allocate enormous funds for defense thus it will be challenging for its hegemonic aspirations in South Asia (Hanif, 2018). On the contrary, India has planned to normalize its strategic relations with all the neighboring states and adopted 'neighborhood first' policy, (Kaura, 2018), but India's involvement in the internal affairs of Pakistan to destabilize it and disrupt CPEC, has provoked doubts about India's intentions about Pakistan.

India must analyse its policy about CPEC as it is mutually advantageous to both India and Pakistan and adopt a rational stance and make a positive gesture by accepting Pakistan's offer to join

CPEC (Shahid, 2016). The main impediment on the way to Pak-India relations is 'trust deficit' due to which both the states are reluctant to establish road and trade links between them. Both the states must adopt flexible response and take initiatives for linkages by shelving their enduring rivalries as many of the states follow this strategy and establish trade relations i.e., US-Russia, China-Taiwan, US-China and even India-China.

BCIM is planned to cross the most backward areas of the region and it will multiply cross border trade flows that would upraise the economic circumference of the region. The main commodities for the trade are identified in agro products, textiles, food processing, information technology, pharmaceuticals, energy cooperation and tourism. The existing trade flow among the four states remain extremely low due to high tariff barriers as it can be analyzed that the borders of these states seem 'barriers' rather than gateways (Gabusi, 2020). The four states must initiate a mechanism for implementing a moderated tariff barrier with mutual consent that would bring prosperity in the region. India has doubts about BCIM's route relating to connecting Kolkata to China's northeast region and projected that it was included without consulting India (Gabusi, 2020).

India's argument remains unsubstantiated because China's President Xi-Jinping invited world leaders including India for opening the forum on BRI in May 2017 and it was the opportunity for India to express its concerns before the forum, but India rejected to join the forum (South China Morning Post, 2017). The security related issues on the borders of four states also created obstacles for BCIM. The persisting insurgencies in northeastern India and border states of Myanmar (Chin, Shan, Rakhine and Kachin) are major bone of contention among China-India-Myanmar relations (Gabusi, 2020). Various ethnic and separatist groups are scattered along 1,643 km long India-Myanmar border and the three states blame one another for supporting these groups. For instance, Naga rebel movement advocates for the unification of all the Naga territories of India

(Nagaland, Assam, Arunachal Pradesh and Manipur) and Myanmar (Kachin state) and both India and Myanmar blame China for assisting this movement (Gabusi, 2020).

Similarly, Bangladesh and Myanmar are also under suspicion due to Ronghya issue (Azeem, 2016). It is the responsibility of BCIM member states to address the main irritants relating to their security concerns and develop a consensus on the development of BCIM corridor. BCIM is game changer not only for member states, but also provide connectivity to Afghanistan and CARs in the west and the ASEAN region in the east. By establishing trade links among the member states, a new era of peace and prosperity would prevail not only within the region but for the adjacent regions as well.

CONCLUSION

The role of China's BRI is prominent in Asia's forthcoming economic rise. Its two projects, CPEC and BCIM would play a marvelous role to exacerbate the economies of not only the Asian states in general and South Asian states in particular but for Europe, and Africa as well. The main players of CPEC and BCIM are China, India, and Pakistan. China is major beneficiary of these projects and is heavily investing for materializing them. India has expressed apprehensions about the projects and Pakistan has some domestic irritants against CPEC. China asserted clarifications to comprehend India's concerns but due to persisting lack of trust, India demoted China's interpretations.

Despite disagreements, both India and China are committed to carry on their trade relations that indicates a positive sign from India to proceed towards CPEC and BCIM. The fruits of both the projects would not ripe until these projects will be given connectivity through India's mini corridors, but it would be narrowly practicable due to ongoing Pak-India hostilities. Irrespective of such annoyances, both the states might be compelled by pronouncing the win-win scenario of these projects and it would lead towards resolving their core issues

due to spillover effects according to the theory of neo-functionalism. The similar spillover effect might be observed in the case of BCIM that would lead to promote regional harmony, prosperity, and stability.

REFERENCES

- Ali, A. (2016). China-Pakistan Corridor: Prospects and Challenges for Regional Integration. *Art and Social Sciences Journal*, 7 (4). DOI. 10.4172/2151-6200.1000204
- Asian Development Bank (2021). ASIA 2050: Realizing the Asian Century. Retrieved from <https://www.adb.org/sites/default/files/publication/28608/asia2050-executive-summary.pdf> (accessed on January 26, 2021).
- Ayub, S. (2013, May 24). Chinese Premier Li's Visit to Pakistan: Hope Meets Reality. *The Diplomat*. Retrieved from www.thediplomate.com/2013/05/chinese-premier-lis-visit-to-pakistan-hope-meets-reality/ (accessed on January 11, 2021).
- Azeem, I. (2016). *The Rohingyas: Inside Myanmar's Hidden Genocide*. London: Hurst and Company.
- Barbieri, K. (1996). Economic Interdependence: A Path to Peace or a Source of Conflict? *Journal of Peace and Research*, 33 (1), 29-49.
- Basrur, R. (2019). The BRI and India' Grand Strategy. *Strategic Analysis*, 43(3), 187-98.
- Batra, A. (2005, November 17). India's Global Trade Potential: Gravity Model Approach. *Working Paper Report N.51*. New Delhi: Indian Council for Research on Economic Relation.
- Brewster, D. (2015). An Indian Ocean dilemma: Sino-Indian rivalry and China's Strategic Vulnerability in Indian Ocean. *Journal of Indian Ocean Region*, 11(1), 48-59.
- Butt K. M., & Butt A. A. (2015). Impact of CPEC on Regional and Extra-Regional Actors. *Journal of Political Science, GC University, Lahore*, 33, 23-44.

- China's National Defense (1998, July 29). Beijing Xinhua Domestic Service. Foreign Broadcast Information Service Daily Reports-China.
- Chung, C. P. (2017). What are the Strategic and Economic Implications for South Asia of Dabur? Retrieved from www.dabur.com (accessed on February 2, 2021).
- Chronic Poverty Organisation (2019). Understanding Chronic Poverty in South Asia. Retrieved from available at www.chronicpoverty.org/resources/working_Paper.pdf. (accessed on January 6, 2021).
- Dastgir, K. (2017, September 20). India Involved in Terrorist Activities on CPEC. *The Express Tribune*. Retrieved from <https://tribune.com.pk/story/1511647/india-involved-terror-activities-cpec-route-khurram-dastagir> (accessed on February 3, 2021).
- Deepak, B. R. (2018). 'China's Global Rebalancing: Will It Reshape the International Political and Economic Order?' In B. R. Deepak (ed) *China's Global Rebalancing and the New Silk Road* (pp. 3-4). Singapore: Springer.
- Deepak B. R. (2018). Bangladesh, China, India, Myanmar Economic Corridor (BCIM-EC): Security Dilemma Rider to Regional Economic Integration. In B. R. Deepak (ed). *China's Global Rebalancing and the New Silk Road*. Singapore: Springer.
- Dougherty J., E. & Pfaltzgraff, R. J. (2001). Contending Theories of International Relations (5th ed). (New York: Harper Collins.
- Gabusi G. (2020). China's Structural Power and the Fate of the BCIM Economic Corridor. *The International Spectator*, 6. Retrieved from www.doi.org/10.1080/03932729.20220.1782071 (accessed on February 6, 2021).
- Gehring, T. (1996). Integrating Integration theory: Neo-Functionalism and International Regimes. *Global Security*, 10 (3), 225-253.

- Godehardt, N. (2016). Not End of History: A Chinese alternative Concept of International Order? Retrieved from www.swp-berlin.org/fileadmin/contents/products/research-paper/2016RPO2-gdh-pdf (accessed on January 9, 2021).
- Hanif, M. (2018, January 9). Why India is Opposing the Project? *Pakistan Observer*. Retrieved from www.pakistanobserver.net/cpec-india-opposing-project/ (accessed on February 3, 2021).
- Hass, E. B. (1958). *The Uniting of Europe*. Stanford: Stanford University Press.
- Hussain, I., Ke, G., Bano S., & Hussain M., I. (2019). Effects of China Pakistan Economic Corridor on Regional Integration and Economic Growth. *International Transaction Journal of Engineering, Management, Applied Sciences and Technologies*. DOI: 10.14456/ITJEMAST.2020.55
- Hussain M. & Jamali, A. B. (2019). Geo-Political Dynamics of the China-Pakistan Economic Corridor: A New Great Game in South Asia. *Chinese Political Science Review*, 4, 303-26.
- Hyat, Z. (2017). RAW Running \$ 500 million Cell to Sabotage CPEC. *Dawn* (November 14), Retrieved from <https://www.dawn.com/news/1370463/raw-running-500-million-cell-to-sabotage-cpec-says-gen-zubair-hayat> accessed on February 3, 2021.
- India's East Act policy. (2014). Retrieved from www.offline.org/expert-speak/india-act-eat-policy-and-regional-cooperation-61375 (accessed on January 18, 2021).
- India's Think West Policy. (2005). Retrieved from www.iasexpress.net/Look-West-Policy-India (accessed on January 18, 2021).
- India's North-South-Transport Corridor (2002). Retrieved from www.seconnectingasia.csis.org/analysis/entries/indias-north-south-corridor-looks-to-eurasia (accessed on January 18, 2021).

- Jacob, J, T. (2017). China's Belt and Road Initiative: Perspective from India. *China and World Economy*, 25 (5) DOI. <https://doi.org/10.1111/cwe.12215>
- Jensen C. S. (2013). Neo-functionalism: Logic and Critique. Retrieved from www.port.ac.uk/europeanstudieshub/up-content/upload/2013/05/Module4-extrace-neofunctionalsmlogic-and-critique.pdf (accessed on January 7, 2021).
- Jinsong, L. (2017). Belt and Road Sharing Opportunities. Retrieved from http://in.china-embassy.org/eng/embassy_news/201704/t20170423_2145813.htm
- Karim M. A. & Islam F. (2018). Bangladesh-China-India-Myanmar (BCIM) Economic Corridor. *The Korean Journal of Defense Analysis*, 30(2), 283-302.
- Kaura, V. (2018, January 1). Grading India's Neighborhood Diplomacy. *The Diplomat*. Retrieved from <https://thediplomat.com/2017/12/grading-indias-neighborhood-diplomacy/> (accessed on February 4, 2021).
- Kumar, S. (2019). China's Belt and Road Initiative (BRI): India's Concerns, Responses and Strategies, *International Journal of China Studies*, 10(1), 27-45.
- Malik. J. M. (2001). South Asia in China's Foreign Relations. *Pacific Review*, 13(1), 73-90.
- Millenium Post (2018, February 6). China's Investment in India: Investors Find Doing Business with India Safe and Attractive. Retrieved from www.millenniumpost.in/openionchinas-investment-in-india-286998 (accessed on January 23, 2021).
- Mitrany, D. (1966). *A Working Peace System*. Chicago: Quadrangle Books.
- Moon, B. M. (2014). Fourth Conference on Interaction and CBMs in Asia (CICA) Summit in Shanghai' (May 20-21). Retrieved from www.herald.co.zw/cica-summit-to-help-asian-countries

-strengthen-mutual-trust-address-hotspot-issues/ (accessed on January 26, 2021).

National Development and Reform Commission (2015. March 28). 'Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road', Retrieved from www.cdrc.gov.cn/newsrelease-8232/2015/t20150330-1193900.html (accessed on January 5, 2021).

Nazir, M. (2016). Macro and Micro Dividends of CPEC: Effort of Regional and International Players to Disrupt the Development in the Region, Its Ramifications and Rectifications. Islamabad Policy Research Institute, Islamabad. Retrieved from <https://ipripak.org/macro-and-micro-dividends-of-cpec-efforts-of-regional-and-international-players-to-disrupt-the-development-in-the-region-its-ramifications-and-rectifications/> (accessed on January 15, 2021).

Nehru J. (1945). *The Discovery of India*. London: Meridian Books

Polachek, S. W. (1980). Conflict and Trade. *Journal of Conflict Resolution*, 24(1), 55-78.

Qamar, A. (2005). Trade between India and Pakistan: Potential Items and MFN Status. *Research Bulletin, State Bank of Pakistan* 1(1),56.

Rahman M. S. & Rehman M. S. (2020). CPEC and Pakistan-India Economic Integration: Prospects and Challenges. *Journal of Global Peace and Security Studies*,1(1), 70-89.

Rosamond, B. (2000). *Theories of European Union Integration*. Basingstoke: Macmillan.

Rosecrance R. (1986). *The Rise of Trading State: Commerce and Conquest in the Modern World*. New York: Basic Books.

Sadiq, S. (2017, April 17). CPEC Investment Pushed from \$55 b to \$62', *Express Tribune*.

- Safi, M. & Alizada, B. (2018). Integrating Afghanistan into the Belt and Road Initiative', *Friedrich Ebert Stiftung*,3, Retrieved from www.library.fes.de/pdf/bueros/kabul/15587.pdf (accessed on January 9, 2021).
- Saini, G. (2019). China Pakistan Economic Corridor: Accessing India's Options. *International Journal of Research and Analytical Reviews*,6(2), 523-32.
- Sajjanhar, A. (2016). Understanding the BCIM Economic Corridor and India's Response *ORF Issue Brief*,147.
- Shahid, S. (2016, December 21). India Urged to Shun Subversive Activities. *Dawn News*. Retrieved from <https://www.dawn.com/news/1303612> (accessed on February 4, 2021).
- Sheikh, M. A., & Mahboob, S. S. (2020). China-Pakistan Economic corridor (CPEC): Challenges and Opportunities for India. *International Journal of Research in Engineering, Science and Management*,3(3), 398.
- Showkat, A., & Malik, A. H. (2017). China-Pakistan Economic Corridor: Impact on Regional Stability of South Asia. *International Journal of Political Science and Development*, 5(6),192-202.
- South China Morning Post (2017, May 21). India Snubs China's New Silk Road Summit Underlining Mounting Tensions Between Asian Rails. Retrieved from <https://www.scmp.com/news/asia/south-asia/article/2095091/india-snubs-chins-new-silk-road-summit-underlining-mounting> accessed on February 6, 2021.
- Tanija, N. (2007). India Pakistan Trade: Possibilities and Non-Tariff Barriers. *Working Paper No.200, Indian Council for Research on International Economic Relations*, 9, Retrieved from www.icrier.org/pdf/working%20paper%202000.pdf (accessed on January 27, 2021).

- The Economic Times (2017, October 6). Led by Chinese, Nearly 600 Companies Line up \$ 85 Billion Investment in India. Retrieved from <https://economictimes.indiatimes.com/news/economy/finance/led-by-chinese-nearly-600-companies-line-up-85-billion-investments-in-india/articleshow/61093929.cms?from=mdr> (accessed on January 23, 2021).
- The Hindu. (2012, September 4). China has no plan for Indian Ocean Military Bases. Retrieved from www.thehindu.com/openion/interview/china-has-no-plan-for-indian-ocean-military-bases/article385 (accessed on January 19, 2021).
- The News (2014, August 8). 'Third Meeting of JCC on CPEC Held'.
- The World Bank (2018). Annual Report. Retrieved from www.worldbank.org/curated/en/6306711538158537244/pdf/The-World-Bank-Annual-Report-2018.pdf (accessed on January 4, 2021).
- Times, G. (2016, December 23). India should Join CPEC to Ease Tension with Pakistan and Boost Growth. Retrieved from www.globaltimes.cn/content/html (accessed on January 27, 2021).
- Uberoi, P. (2013). The BCIM Forum: Retrospect and Prospect. *The ICS Working Paper*, No.1. Institute of Chinese Studies New Delhi, (November): 2. Retrieved from www.icsin.org/uploads/2015/04/12/df72872d10c0497dadb52322bafd900p (accessed on January 13, 2021).
- Wagner, C., & Tripathi, S. (2018). India's Response to the Chinese Belt and Road Initiative. Retrieved from www.berlin.org/fileadmin/contents/products/comments/2018CO7_wgn_Tripathi.pdf (accessed on January 15, 2021).
- Wolf, S. O. (2020). *The China-Pakistan Economic Corridor of Belt and Road Initiative*. Switzerland: Springer Nature

- Wolf S. O., (2016, June 28). 'The China-Pakistan Economic Corridor: An Assessment of Its Feasibility and Impact on Regional Cooperation', *SADAF Working Paper 1*, 29.
- World Bank (2018). 'Belt and Road Initiative World Bank Brief, Retrieved from www.worldbank.org/en/topic/regional-integration/brief/belt-and-road-initiative (accessed on January 8, 2021).
- Yuan, I. (2011). Beijing's Balancing Act: Courting New Delhi, Reassuring Islamabad. *Journal of International Affairs*, 64(2), 42.