



## **Roundtable Discussion on China's Belt and Road Initiative: Assessment, Implications and India's Response**

**Speakers:** Ambassador Shyam Saran, Ambassador PS Raghavan, Dr. Jabin Jacob

**Chair:** Ambassador Ashok K Kantha

**Date:** 7 June, 2017

**Conference Room, ICWA, Sapru House**

The conference began with opening remarks from the Chair on how the issue of Belt and Road Initiative (BRI) in India had been discussed so far only from the context of India's decision to not participate in the Belt and Road Forum and that there was a need to further understand the nature, driver and implications of the 'important, ambitious (and) imaginative initiative taken by China'. Following the remarks from the Chair, Dr. Jabin Jacob introduced the latest special issue of the China Report on 'India and China in Asia' (guest edited by Amb. Kishan Rana), which included extensive insights into the Belt and Road Initiative put into black and white by notable scholars and experts.

The discussion began with Ambassador PS Raghavan drawing a comparison between India's reaction to the Belt and Road Initiative vis-à-vis that from the rest of the world. The speaker noted how the Belt and Road Forum and the Belt and Road Initiative (BRI) were two distinct entities and that not attending the BRI forum did not imply isolation from the BRI. It was argued by the speaker that the BRI is not a multi-lateral institution which should elicit the need for India to 'join' necessarily. The speaker added on to his argument by explaining how the BRI was just a collection of projects from the past, present and future brought together by China and claimed that controversies about India getting isolated on the world stage were 'unnecessary' and 'artificial'. The speaker then justified India's decision to not participate in the BRI Forum on account of it being the only country the sovereignty of which had been questioned under the BRI.

Pointing to studies such as that by Friedrich-Ebert-Stiftung and Stockholm International Peace Research Institute (SIPRI), the speaker noted a few environmental, financing and labour related reservations against the BRI before highlighting the lack of transparency and little involvement of the private sector in the initiative.

In his concluding remarks, the Ambassador stated that India's stand had not been adequately expressed among the international community and had instead been limited to India's concerns over China Pakistan Economic Corridor (CPEC) and Kashmir.

Dr. Jabin Jacob, taking off from where Ambassador Raghavan left, discussed CPEC from a Pakistani point of view. Dr. Jabin using statistics disclosed by the Pakistani Minister of Planning and in-charge of CPEC, Prof. Ahsan Iqbal and other official Pakistani sources, analysed the impact of CPEC on Pakistani economy, beginning with its effect on employment generation across Pakistan. The speaker pointed the house's attention towards the FTA agreement of 2007 between China and Pakistan and how it led to transfer of jobs in favour of China. He argued that CPEC would not only have to create new jobs, but also make up for those already lost. Dr. Jacob expressed concerns with the manner in which loans had been structured by China and pointed to sources that estimated Pakistan owing over 90 billion USD to China over a 30-year period. He also expressed apprehensions with the manner in which various contracts had been distributed under CPEC. As a case in point, he noted how 9 SEZs had been financed as part of CPEC but not a single Pakistani firm had been invited to be a part of it. Various operational concerns with respect to the Gwadar port, Sahiwal Coal Power Project and Port Quasim Power Project were also examined. Dr. Jabin concluded by noting that there existed a fair degree of consensus within Pakistan on the China Pakistan Economic Corridor despite political bickering and various concerns.

Following Dr. Jacob, Ambassador Shyam Saran took the floor of the house, beginning with a few case studies. Taking the example of Gwadar port, he noted how projects that had been established in Pakistan with the intention of utilising local resources such as coal had been moved to import such items from external locations. The speaker also noted that a large amount of credit was being issued by Chinese banks to Chinese SOEs for projects that guaranteed a return on investment of approximately twelve percent and that such rates were not viable for Pakistan. The speaker went on to argue that the BRI was a string of bilateral agreements between China with other nations and that it required oversight by a multilateral agency in order for it to be called a truly inclusive project. He compared India's responses to BRI with that to other China led initiatives such as the AIIB and ADB to argue in favour of India's stand towards participation in international projects.

The speaker further stated that economic engagements between India and China were already on the rise and that India must continue to participate in bilateral projects with China, if they are economically viable, irrespective of whether it participates in BRI or not. While concluding, the Ambassador maintained that India needed to come up with an alternative narrative to the Belt and Road Initiative.

*Report prepared by Ravish Bhatia, Research Intern, Institute of Chinese Studies.*

## **About the Speakers**

Ambassador Shyam Saran is an Indian career diplomat. He joined the Indian Foreign Service in 1970 and rose to become the Foreign Secretary to the Government of India. Prior to his appointment as the Foreign Secretary he served as India's ambassador to Myanmar, Indonesia and Nepal and as High Commissioner to Mauritius. Upon completion of his tenure as the Foreign Secretary he was appointed Prime Minister's Special Envoy for Indo-US civil nuclear issues and later as Special Envoy and Chief Negotiator on Climate Change

Ambassador PS Raghavan was a diplomat in the Indian Foreign Service from 1979 to 2016. He has served as Secretary in the Ministry of External Affairs and as India's Ambassador to Ireland, Czech Republic and Russia, in addition to other diplomatic assignments. He was Joint Secretary in the Prime Minister's Office from 2000 to 2004, dealing with Foreign Affairs, Nuclear Energy, Space, Defence and National Security. Since September 2016, Ambassador Raghavan is Convenor of the National Security Advisory Board, which advises the National Security Council of India on national security policies and strategies.

Dr. Jabin T. Jacob is Fellow (Associate Professor) at the Institute of Chinese Studies (ICS), Delhi. He has also served as Assistant Director of the Institute from 2011 to 2016. He holds a PhD in Chinese Studies from the School of International Studies, Jawaharlal Nehru University, and New Delhi and spent two years as a Chinese language student in Taiwan. He has been Hermès Fellow at Sciences Po, Bordeaux (2009-10), Visiting Research Fellow at the S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore (2012) and a visiting faculty at University of Bordeaux IV, France (2012).

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