China-India Rivalry and the Economic Corridors
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Abstract

The tussle between China and India is not a new phenomenon. The main reason for this is border conflicts. Occasionally, news regarding conflicts or the other keeps coming from the border. Both countries are nuclear power and live in competition with each other. However, China is far ahead of India. But in the last few years, especially after the coronavirus and Ukraine war, the trend of the world, mainly Western, is inclining towards India as it is a democratic country and more transparent. Both countries are developing economic corridors to expand their influence on near and far lands. In this context, this paper analyzes the relations between China and India using qualitative methodology. It discusses the root causes of rivalries and the motivation behind economic corridors such as BRI, INSTC and Chabahar Port.

Keywords: INSTC, Chabahar Port, Economic Influence, China-India Rivalry.

CHINA-INDIA RIVALRY: AN INTRODUCTION

China and India's border conflict has progressed, but it is still quite contentious. The assertiveness of Beijing in the Himalayas has caused New Delhi to turn more towards the West and Europe. There are few indications that the tension between the two Asian superpowers will ease. India and China are developing nations that want to flex their global power. Both have recently proposed the creation of economic corridors to influence the worldwide economy and consolidate their dominance in the Indian Ocean. In this context, it is essential to ask questions like, "What is the status quo of the India-China relationship?". Which conflicts exist? What level of chaos reigns at the border?

With both countries predicted to be superpowers by 2050, India-China relations have recently been defined as a combination of collaboration and competition. Since the two nations share a 3500 km border and a common cultural and religious heritage, India-China relations have had a long and complicated history marked by cooperation and conflict (Khan & Koch, 2021). Despite this, there have been numerous conflicts and tensions over the past few decades, including the 1962 Sino-Indian war and Border clashes that have continued to this day. A rising level of economic collaboration between India and China has been evident in their relationship, which has been greatly spurred by their expanding commercial links. One of China's top trading partners is India, and the two nations have been collaborating to deepen their economic connections through joint ventures and financial investments in one another's economy.

Border conflicts are the primary reason for conflict between two nations. According to Indian Prime Minister Narendra Modi, the integrity of India's territory cannot be compromised. For the first time in more than a year, genuine clashes occurred in December 2022 despite military-level talks and high emotions. It took place close to Arunachal Pradesh's Tawang region. Easternmost state in India. De-escalation efforts have been ongoing since a significant conflict in June 2020; the battle in Galvan Valley, which was fought with sticks and clubs rather than guns, was the first fatal conflict between the two factions since 1975. Four Chinese soldiers and at least 20 Indian soldiers perished in the incident. Another conflict between Bhutan and Nepal occurred close to Sikkim in January 2021, resulting in deaths on both sides. In September 2021, China accused India of firing bullets at its soldiers. India claimed that China was firing into the air. If accurate, it would mark the first time in 45 years that shots were fired at the Border. A contract agreed in 1996 forbade the use of explosives and weapons close to the Border. The same month, both nations decided to leave a contentious border area in the Western Himalayas.

China and the BRI

Almost 10 years ago, China stated the creation of a new initiative called the BRI (Belt and Road...
BRI is the most crucial project that will cost China one to eight trillion dollars and will take approximately 25 years to complete. It involves 146 nations, including major countries like Saudi Arabia, UAE and Russia and most importantly, when completed, it will make China the most powerful nation in the world. It can change the landscape of global trade dramatically. The BRI is a massive initiative comprising three projects under its umbrella: the Belt, Maritime, Road, and, most recently, the Digital Silk Road. The last one was announced very recently, in 2019. All three projects are set to be centred in China. The entire BRI is expected to generate a Gross Domestic Product of over $21 trillion (Meltzer, 2019).

According to Chinese state media, BRI will encompass approximately two-thirds of the world’s population and one-third of global GDP. The Chinese government created a work report that espoused the benefits of international investment in infrastructure development, especially industrial machinery (Economist Intelligence Unit, 2015, p. 5). China spent billions of dollars building oil refineries, high-speed cables, railway lines and gas pipelines to make an alternate trade route. Lastly, China is building an extremely strategic railway line from London to China and another railway line from China passing through Kyrgyzstan, Uzbekistan, and Turkmenistan, finally ending at Tehran in Iran. This is how China is building its trade route to become an economic superpower. Heavy investment, along with diplomatic agreements with more than 62 nations, has made an effort to make the 21st century genuinely Chinese.

China gave away billions of dollars in loans to Pakistan in the name of help and indirectly started owning the China-Pakistan-Economic-Corridor (CPEC)—the Gwadar Port of Pakistan, which China has taken on a 40-year lease. Then, the Pakistani government recently awarded a contract for constructing a 3021-kilometre strategic crude oil pipeline that goes from Gwadar Port in Pakistan to Xinjiang in China. Also, Pakistan has agreed to grant a 20-year tax holiday for profits and income earned by the Chinese company from the crude oil pipeline. A highway also connects Pakistan and China from Gwadar to Kashgar (ANI, 2021). China is also building a railroad from London to China, passing through Kazakhstan, Russia to the UK, Germany and Italy. Then there is also a railway from China to Iran passing through Uzbekistan to finally ending at Tehran in Iran. Throughout these routes, there are also supporting infrastructure projects like power plants, high-speed internet, cables, oil refineries, and a lot more; all of these, in combination with the economic corridors and the maritime routes, are expected to make China less vulnerable to the points like the state of Malacca.

**BRI and the Debt Trap**

There is a widespread suspicion that China does not care about development but about increasing its global influence, and it peddles corrupt infrastructure deals in exchange for political. It is widely believed that China started with the Belt and road initiative to conquer the world trade. Chinese financial institutions have poured hundreds of billions of dollars in loans into finance staffed countries, but seven years of these China-funded projects have left many countries with a mountain of debt. The World Bank gives out a loan at 1 to 2 percent interest for 20 to 30 years of payback period. China charged 6.3 percent interest and usually gives only 10 to 15 years to pay back its loan besides, these projects have to be given to a Chinese company only (Kuszewska & Khan, 2020). So, practically, if china gives a billion dollars for a port, the receiver will have to give that billion dollars to a Chinese company and that company will get Chinese workers all the way from China to build a port or a highway. China identifies countries which are economically weak and more importantly have weak democracies and hence Pakistan, Sri-lanka, Myanmar and Djibouti are the best locations that actually fulfill these criteria. Sri-lanka owes a hefty debt to china with an exorbitant interest of 6.3 percent then since Sri-lanka couldn't pay the debt china took away the Hambantota port along with 15,000 acres of land in Sri-lanka. China took away Pakistan’s Gwadar port on a 40-year lease and also holds a majority stake in Djibouti in Africa (Khan & Omidi, 2023; Khan & Mihr, 2023). Djibouti falls in one of the busiest maritime routes in the world. Out of the 1 billion dollars a day of trade that China does with the European Union, a significant part of this trade passes through this place known as the Gulf of Eden, which controls access to both the Red Sea and the Indian Ocean. It also connects the Asia Pacific, the Persian Gulf and most importantly, the Horn of Africa region, so it's the gateway to the Red Sea and a critical trade passage to North Africa and the Middle Eastern areas. This is the reason why China used the dead trap diplomacy on Djibouti. Military strategists also believe China can only use these places for surveillance, not attack. Secondly, to build naval bases, China needs a lot of supporting infrastructure that right now, countries like Sri Lanka and Pakistan do not have and lastly, most of these countries that China is dealing with have weak democracies and weak economics or are in conflict so civil wars and overthrowing of governments will become massive hurdles for china and that has been observed in Pakistan and Sri-lanka wherein there were massive protests against the Chinese projects.

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Foreign policy analyst Brahma Chellaney called the OBOR (old name of BRI) China's debt-trap diplomatic, contending that it intended to put accomplice nations under obligation to extend Beijing's use. Ratings agency Fitch warned in a report that OBOR does not address partner countries' most pressing infrastructure needs and could easily result in nonviable projects and smaller nations saddled with large debts (Venkataramakrishnan, 2017). It is also said that China hardly interferes with the internal matters of other countries, which can be considered good, but not when it comes to international relations, as it may concern international human rights. It could be understood from many examples: The Chinese have refused to play any role in establishing peace in Afghanistan and negotiating with the Taliban. China also has a lot of influence over Pakistan, but it has never pressured Pakistan to take action against the Taliban based in its territory.

It was called the Great Game when Britain and Russia vied for influence in Central Asia in the 19th to early 20th century. China's current expansion into the region has been referred to as the new Great Game. (Cai, 2016, Khan, 2020) Several incidents show that Chinese-led commercial initiatives are advancing national interest, demonstrating that the included South Asian countries are not benefiting much from these economic initiatives; instead, China is trying to establish economic and political dependencies to exercise pressure on smaller countries. The network activities must be based on generally recognized international norms, excellent administration, run the show of law, openness, straightforwardness and correspondence. Network ventures must be sought after in a way that regards sway and regional astuteness (Venkataramakrishnan, 2017).

The COVID-19 pandemic has caused many to call the BRI into question and has forced the signee nations to question their involvement in the initiative. In many cases, the economic consequences have eviscerated their ability to pay for these projects and forced them to stall or cancel expensive projects. The pandemic has also forced the Chinese government to pivot to a more efficient, technology centered BRI (Hillman & Sacks, 2021). The initiative has received numerous adverse reactions, sparking further controversy, exacerbated by the outbreak of COVID-19, which was once believed to be a deliberate subversive attempt by China to disrupt the global economy, leading to an escalation of the ongoing trade war between China and the USA.

**BRI and its Implications for India**

The BRI has several implications for India. It is a benchmark of India's extended-term defence plans. In its reaction, New Delhi should carefully consider how it seems to adjust its long-term financial advancement targets and public safety needs. Since India doesn't share borders with the Eurasian nations, it would like to trade with. It requires neutral neighbours to construct pipelines through Pakistan, Afghanistan, or China. When China expanded its belt and road initiative massive construction projects in Pakistan, Sri-Lanka, Bangladesh and the Maldives that also caused an unease in Delhi, as in this process of expansion of Belt and Road, China intends to surround its rivals like India and eventually gain military and economic advantage over the united states. The BRI is likely to be perceived as hostile Chinese protectionism with geopolitical and geo-economic mechanisms inherent in its implementation. The BRI may assist China in creating a modern pathway to enter the Indian Sea and the Center East, whereas it might lead to a confrontation between India and China (Hu, 2017). However, considering China's overall strategy for expanding its business empire, India has decided to remain passive. Instead, It has decided to develop multiple strategies to provide channels with Eurasia. One significant development in India's foreign policy towards Eurasia, specifically Central Asia, under Narendra Modi was holding the first India-Central Asia Dialogue attended by multiple foreign ministers held in Samarkand, Uzbekistan, on the 12th and 13th of January 2019. It was the first meeting between the nations’ foreign ministers with India's External Affairs Minister, including the Afghani foreign minister, a significant inclusion. The Indo-Central Asia Dialogue was founded in 2012. However, it was proposed by the then Minister of State for External Affairs of India, E. Ahamed, in Bishkek, Kyrgyzstan. Although stability and peace in Afghanistan originally formed the heart of the dialogue, the construction of joint regional and international transport corridors was a crucial element of the negotiations (MEA, 2019).

Gulshan Sachdeva has suggested that India-China relations consist of three Cs: conflict, competition, and cooperation (Sachdeva, 2016). Managing the nation's relationship with China is among the most challenging tasks for Indian diplomats. Presently, the balance of power between the two nations is lopsided in favor of China. Relations have been disturbed by border disputes such as those in the border areas of Aksai Chin, Arunachal Pradesh, and Tibet. Both countries have shown a determination to maintain domination over the Indian Ocean as well. China has its eye on Doklam as it would add strategic intensity to its narrow Chumbi valley, which juts in like a dagger between Sikkim and Bhutan. The Disputed border is indeed the primary source of tension between India and China, and since both are rising powers in the same part of the world, tensions are bound to occur. Comparatively, China seems unperturbed by India's rise. In contrast, India seems uneasy at the prospect of a powerful, assertive neighbour in China (Grant, 2010) as it directly threatens Indian national security.

India has been apprehensive about CPEC from the very beginning. India sees is as a violation of It's sovereignty because it traverses Gilgit-Baltistan in Kashmir, which India claims, and other areas, currently...
in the possession of China and Pakistan but also claimed by India. Another part runs through an area of Pakistan, which India says the Pakistanis illegally ceded to China in the 60s. India has publicly expressed displeasure multiple times, arguing that building infrastructure in a disputed territory violates international law and calls China's neutrality on the Kashmir issue into question. Moreover, with Pakistan giving China a 40-year lease on Gwadar port, India is concerned that this will give China a foothold on the Arabian Sea and the Indian Ocean, challenging the Indian Navy's prospective domination in the area. The maritime route is seen in India as an indication of China's desire to be a naval power in the Pacific and the Indian Ocean. (Purushothaman & Unnikrishnan, 2019, p.76) Both the Chabahar and Gwadar ports lie within Balochistan. The region lost independence during the Anglo-Russian conflicts (the Great Game) of the 19th century. They have entered once more within the period of the New Great Game, having potentially far-reaching implications and consequences since the two ports have been developed as central focuses of India and China (Wajid et al., 2020; Singh & Singh, 2019, p. 177). Through the Chabahar port, India hopes to counter Pakistan's Gwadar port as it is sceptical that, through Gwadar port, China will be able to monitor Indian activities and the American navy and, as India anticipates, Gwadar port may serve as a base for Chinese ships and submarines, thereby, posing a direct threat to India (Hafeez, 2019, p. 23).

Now, when will China become a much stronger military power? What exactly is India doing to tackle the security implications of the Belt and road initiative, and what is India's strategy to face China in case of a military conflict?

**INSTC and Chabahar: India’s alternative to BRI**

China, by its overt attempts to increase influence in the area, has undoubtedly exacerbated the distrust felt by India's government towards its policies. India's Remote Secretary, S. Jaishankar, is on record expressing that India sees China's BRI as a purely nationalistic venture without benefit for others (Prasad, 2015). Indian intervention in 2016 to transform a proposed sale of 20 hectares of Sri Lankan land in Colombo's Harbor into a 99-year lease rather than an outright sale, despite Chinese protests that its intentions were purely commercial rather than military, clearly demonstrates the potential for conflict inherent in China's aggressive stance. (Hu, 2016).

Indian Cooperation concerning BRI remains a distant Chinese fantasy, given the respective nations' conflicting stances on economic and military policy (Das, 2017, p. 130). As a result, Russia, Iran, and India created the INSTC (Figure 1). It is imagined as a 7,200-km multimodal exchange passage, traversing the vast distance from India to Russia and Europe, connecting the Indian Sea and the Persian Gulf to the Caspian Ocean. It will utilize ships, trains and street transport to export and import various goods. Said goods are to travel on ships from Jawaharlal Nehru and Kandla ports in Western India to Iran's Bandar Abbas harbour, then by road and rail north through Baku (Azerbaijan) to Moscow and St. Petersburg and then into Europe (Shepherd, 2017).

Once implemented, the INSTC will reduce shipping costs and transport time for merchandise from India to Europe, Russia and Central Asia. As per test runs completed in 2014, the INSTC course was 30 per cent cheaper and 40 per cent shorter than current shipping methods (Shepard, 2017; Purushothaman & Unnikrishnan, 2019, p.79). Other nations have also joined the initiative, providing a shorter trade route to Iran, Russia, and points in greater Eurasia. The intention is to establish a trade network with Central Asia, Eurasia, West Asia, and Africa (Sachdeva, 2016; Winter 2016). Additionally, an Indian agreement with Iran in May 2016 established Chabahar port in Iran, thus providing a vital potential conduit for India's exchange and commerce with West Central Asia while maintaining a strategic distance from the arrival course through Pakistan (The Indian Express 2016).

The Chabahar port is intended as an alternative to Pakistan's Gwadar port, a joint Sino-Pakistani venture facilitating Financial manoeuvres as part of BRI. (Das, 2017, p. 136). Chabahar and the International North South Transport Corridor (INSTC) may serve as India's answer to China's much vaunted OBOR initiative of transnational connectivity; in fact, Chabahar is merely 80 km from China's Gwadar Port Project in Pakistan it is a competing manoeuvre. (Kukreja, 2020, p. 19; Khan, 2020). Sameer Patil, an analyst from Gateway House: the Indian Council on Global Relations, posits that the China-Pakistan Economic Corridor is why Delhi is reluctant to accept OBOR as not being hostile.
The proposed corridor (intended to connect Kashgar with the port of Gwadar in Balochistan) runs through Pakistan-occupied Kashmir and Gilgit-Baltistan; both considered Indian territory by Delhi (Cai, 2016). The Chabahar port is strategically crucial for India, as it serves as an entry point for Indian outreach into Afghanistan and Eurasia, thus bypassing Pakistan. The port can become necessary to U.S. logistics in the region if Iran and the United States resolve their differences.

Gwadar and Chabahar ports are assigned immense importance as vital geo-strategic points to the two rising powers. Gwadar is being overseen by China under the China Pakistan Economic Corridor (CPEC), while the improvement of Chabahar port is being financed by India under it’s tripartite Preferential Trade Agreement (PTA) with Iran and Afghanistan, signed on May 23, 2016.

These ports can potentially revitalize economic connections to Central Asia and the world. As outlined above, the ports have a solid possibility to be in direct competition. In any case, Iran and Pakistan deny that competition is likely, but perhaps they are hopeful of cooperation, regardless of the nations funding the project’s intentions (Khetran, 2018, p. 43).

India would like Iran to be a vital part of its economic/trade expansion; however, Iran's lack of diplomatic favour towards India is a real hindrance to these ambitions. American hostility towards the Iranian regime and Afghan instability are other factors that limit the possibility of success in the venture (Pant, 2018, p. 18). India and China wish to resuscitate the ancient Silk Road through rail and road systems. Hence, India's prompt neighborhood vis-a-vis amplified neighbourhood stay deciding variables to reconnoitre its remote approach (Singh & Singh, 2019; Z Khan, 2023).

Modi intends to utilize the Chabahar harbour to accomplish two goals: isolate and surround Pakistan by forging working relationships with Iran and Afghanistan and counter Chinese aggression. The construction of Chabahar harbour marks a vital turning point in the progression of Its aims in Central Asia. Chabahar enables overland exchange between India and Afghanistan, bypassing Pakistan. In that sense, Chabahar may lessen Pakistan's decades-long influence over Afghanistan (Kukreja, 2020, p. 19; Khan, 2020). Suspicions concerning Chinese intentions around it's port-building activities, these misgivings not least on the part of India, have led to the cancellation of the Sonadia project in Bangladesh (Bagchi, 2016) and delays of the Colombo Port City project by the Sri Lankan government (Shepard, 2016). Another distinguishing feature of these ports is the policy framework under which they are to function. Gwadar Port is leased to China Overseas Port Holding Corporation (COPHC) for 40 years. In contrast, Chabahar has been developed with Indian assistance, but its control and operational reins will remain in the hands of Iran (Khetran, 2018, p. 44).
CONCLUSION
Despite growing economic cooperation, India and China have also been geopolitical Rivals. Both countries attempt to assert their Global influence and have competing interests in several regions, including the Asia Pacific and Indian Ocean. The Border dispute between India and China has been a significant source of contention for decades. The two countries have been in talks to settle the dispute, but no agreement has been reached. The dispute has caused several skirmishes and incidents, and it continues to be a significant source of tension between India and China. Another source of contention between India and China is their rivalry in the Asia-Pacific region. India has sought to increase its Regional influence and has formed alliances with several countries, including Japan and Australia. On the other hand, China has been attempting to assert its Regional dominance by increasing its military and economic presence in the South China Sea.

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