

## **Can China Remake Regional Order?**

### **Contestation with India over the Belt and Road Initiative**

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#### **Abstract**

This article argues that China's Belt and Road Initiative (BRI) can be understood via the lens of regional ordering, whereby China attempts to redefine the shared goals and values for the region of Eurasia and to socialize regional states into the new values in order to have their consent to its leadership. The success of this strategy would then depend, to a large extent, on how its target regional audience reacts to the order-remaking strategy and practices. Taking an 'eye of the beholder' perspective, this article focuses on Indian perceptions of China's order-remaking strategy in South Asia. It posits that India uses the 'debt trap diplomacy' narrative to delegitimize China's infrastructure investment activities based on state capitalism, which have been perceived as a move to upend the status quo and challenge New Delhi's traditional leadership in the region. To counter China's growing influence, India is networking with other like-minded countries to promote a 'free and open Indo-Pacific' through groupings such as the Asia-Africa Growth Corridor, the Quad, Malabar exercises, and increasing political and economic bonds with the ASEAN countries. A serious contest over order between China and India in the Indian Ocean is looming on the horizon.

**Key words:** regional order-building, legitimation, China's Belt and Road Initiative, Debt-trap diplomacy, India

China's Belt and Road Initiative (BRI), composed of the 'Silk Road Economic Belt' and the 'Twenty-first-century Maritime Silk Road', has emerged as President Xi Jinping's signature foreign policy initiative. Since 2013 the literature on the rationales for setting up this mega infrastructure project has expanded exponentially.<sup>1</sup> Authors have discussed China's economic and commercial motives, such as China's need to export its production overcapacity in order to arrest domestic economic slowdown.<sup>2</sup> For others, great power rivalry has had a role to play in China's decision to undertake the BRI. It serves as a response to US attempts to maintain its primacy in Asia, trying to carve out a regional security space in Eurasia in order to mitigate the American threat coming from the east of China, namely the Asia-Pacific region.<sup>3</sup>

In line with the soft-balancing argument which this author has put forward,<sup>4</sup> this article advances an assertion that the BRI can be broadly understood as a regional (re)ordering project. This ordering project aims to contest or constrain the US as the incumbent hegemon softly and to negotiate new rules and norms and provision of (regional) public goods to Eurasian states in order to have their consent to China's leadership. In other words, the strategic objective of the BRI is to remake the regional order. The most essential question for studying order-(re)building is how durable and stable the new regional order is. A durable and stable regional order is often one in which the leading state has influential followers which accept the rules of the game as set by the leader.<sup>5</sup> Hence, the success of the BRI would depend, to a large extent, on how its target regional audience reacts to the order-(re)building strategy and practices. Do they acquiesce to or reject this Chinese-led regional order?

The article proceeds in five major steps. First, it outlines the theoretical framework of international order rebuilding in which both contestation and legitimation play significant roles. Second, it discusses the legitimation role of the BRI for China, focusing on the norms, rules and institutional arrangements of Chinese state capitalism. The Chinese narrative of 'win-win' cooperation and partnership based on enhanced connectivity, however, spurs a competition between China and its regional arch-rival, India,<sup>6</sup> for regional leadership. The third section illustrates India's strategic concerns and efforts to balance against China which makes South Asia a contentious region in China's outward push to transform regional order. The fourth section discusses India's counter-narrative, namely the 'debt-trap diplomacy', and the most contentious geo-economic issues of China's BRI projects in Pakistan, Sri Lanka and the Maldives. To delegitimize China's order building project, India frames China as a threatening 'other' because of the alleged predatory state capitalist practices. The fifth section is devoted

to the discussion of the contestation between China and India's competing regional-ordering projects. To counter China's growing influence in the Indian Ocean, India is networking with other liberal-minded countries to promote a 'free and open Indo-Pacific' through the multilateral means of the Asia-Africa Growth Corridor, the Quad, Malabar exercises and its increasing political and economic bonds with the ASEAN countries. Finally, the article concludes that a serious contest over regional order between China and India looms large.

### **Theoretical framework: international order, contestation and legitimacy**

International order, according to Hedley Bull, is a pattern of international activity that sustains the elementary goals of the society of states. It is formed by a group of states that share certain common interests and values and participate in the maintenance of international institutions.<sup>7</sup> This rules-based interaction is underpinned by an intersubjective consensus on the basic goals of international society as well as the means of achieving the goals. Bially Mattern refers to international order as 'a relationship among specific states that produces and reinforces shared understandings of expectations and behaviours with respect to each other'.<sup>8</sup> The key question for the study of the durability of an international order is: who has the authority to define the shared goals and values for the rest of the international society? The United States has been the major driving force behind the formation of the liberal international order (LIO) since the end of World War II. Even though the application of liberal norms, rules and institutions has not been uniform across the globe and the LIO is primarily a regional phenomenon, dominant in North America, Western Europe, Japan, South Korea (since the 1990s), Australia and New Zealand only, the shared ideas undergirding the LIO have been framed as universal. The US-led LIO rests on several pillars: a commitment to open multilateralism; embedded liberalism in which the domestic open economy is 'managed' so as to provide the working class with protection of economic and social security; the values of liberal democracy and the rule of law; and a special relationship among Western liberal democratic states.<sup>9</sup> Ideally the liberal powers take it as their mission to extend the LIO to the non- or less-liberal parts of the world.

Common to all rising powers is, however, that with a sense of dissatisfaction with the dominant LIO, they show varying degrees of revisionist motives and goals and intend to break the prevailing 'rules of the game'. They often try to contest the existing international or regional order in remaking the order. However, it is worth noting that it is one thing to contest the prevailing order to remake an order; it is another to make the new order durable and stable. A

stable, durable and binding international order comes into being only when both leading and secondary states broadly and mutually accept and settle the dominant norms and rules of a particular order rather than reliance on coercion. Through bargaining and negotiation processes, the incumbent hegemon and the hegemonic challenger try to garner political support from secondary states and other non-great power states in order to defend or unsettle the prevailing norms, rules and institutional arrangements. A durable and stable order is produced not only by balance of power but also by normative forces and endowed with legitimacy (i.e. gaining secondary states' consent to new norms, rules and arrangements).<sup>10</sup> In short, rule-breaking order-remaking behaviours therefore demand legitimation through a justificatory discourse and recognised social practices in order to be widely acknowledged and accepted.<sup>11</sup> The quest for social legitimacy and effective legitimation features prominently for China, a rapidly re-emerging yet non-Western and non-democratic power which endeavours to recover the past glory days, a typical revisionist goal. While seeking to modify the status quo in its favour in a bid to rise in the established pecking order, a re-emerging China is attentive to legitimation in order not to be seen by its target audiences as both an adversary and a major source of significant threat to the existing world order, which will otherwise bring about a collective mobilisation against its ascendancy.

On the basis of this theoretical framework, the following section will discuss how China unfolds its regional order construction project by contesting the prevailing LIO, especially the pro-market norms and practices as well as legitimising the Chinese ones.

### **China's BRI: Legitimising China's Economic Leadership**

To counteract both US 'pivot to Asia' policy and a 'New Silk Road' initiative unveiled by then-Secretary of State Hillary Clinton in November 2011,<sup>12</sup> China adopted a Westward policy, the 'Marching West (西進)' strategy, and cooperate with the countries in its west to generate a strategically friendly environment. The first immediate strategic objectives of the BRI in 2013 was to address the negative effects US 'pivot to Asia' policy might bring to China and to act as an 'enforceable policy' to promote economic and security cooperation in the Eurasian region.<sup>13</sup> Later on, it has been designed to serve as an institutional means for China to transform the regional order in Eurasia to its liking. Therefore, the strategic objective of the BRI could be seen as 'killing two birds with one stone'. It not only serves as a soft-balancing strategy

towards the US ‘pivot to Asia’, but also re-constitutes the Eurasian order in order to form and strengthen China’s regional sphere of influence. William Callahan summarizes succinctly the grand strategy of the BRI as “us[ing] economic leverage to build a Sino-centric ‘community of shared destiny’ in Asia, which in turn will make China a normative power that sets the rules of the game for global governance”.<sup>14</sup>

The success of the highly ambitious and visible BRI, worth up to \$1 trillion and running across continents, would have real consequences for both Xi Jinping as China’s supreme leader, and China as a re-emerging power. Because of its gigantic scale, it inevitably generates rivalry with the US, fuelling further pressure for legitimisation. To mobilise public support in foreign countries for the BRI, legitimisation from China is deemed necessary. As argued by Ronald Krebs, narratives ‘channel [political contest], privileging particular courses of action and impeding the legitimisation of others’.<sup>15</sup> The dominant Chinese legitimising narrative is ‘win-win’ cooperation and partnership based on enhanced connectivity.<sup>16</sup> This narrative is closely tied to two larger historical narratives, the ‘century of national humiliation’ and the ‘Chinese dream’, whereby China is framed as a victim of Western imperialist aggrandisement and invasion for more or less 100 years in 1839-1945 and it is high time for the Chinese nation to achieve its rejuvenation and for China to be restored to its rightful place in the hierarchical international order.<sup>17</sup> With these inter-related narratives, China defines its identity by othering the West; it represents the West as aggressive and expansionist powers and itself as a non-Western, re-emerging benign hegemon. To validate and enact this identity of a re-emerging benign hegemon, China is keen to execute its regional order-building project and wants to persuade its audiences that its current approach to international development, embodied in the BRI, is intrinsically non-colonial, non-exploitative and mutually beneficial.

However, as alluded in the theoretical framework above, it is one thing to undertake regional order-building, it is another thing to make China’s ordering project socially acceptable to affected regional actors. We need to examine how China ‘sells’ its project to South Asian states and how regional states perceive China’s BRI. South Asia is chosen as the primary case study here because the region was the first area that featured prominently in China’s ‘Marching West’ strategy to counteract US influence. Additionally, the China-Pakistan Economic Corridor (CPEC) is deemed the ‘flagship project’ of the BRI. Strategic thinkers in Beijing have pointed out that, compared with the countries in Southeast Asia, none of the countries to the west of China, with the exception of India, have any direct conflicts with Beijing. According to them,

China is well-placed position to collaborate with them in geo-economics and geopolitics.<sup>18</sup> However, as Raffaello Pantucci claims, the region is ‘where Beijing’s miscalculations regarding India have created conflict with a regional power that has the capability and desire to disrupt China’s outward push.’<sup>19</sup> Therefore, it is fair to assume that China encounters mounting challenges from India in advancing its BRI activities. What normative disputes lie behind the BRI?

### ***The BRI as the Epitome of State Capitalism***

The BRI embodies a Chinese state-led strategy to advocate its own vision of economic governance that emphasizes the positive role of large-scale project aid, undertaken by state-owned enterprises in the form of tied aid. In other words, the essence of the Chinese lending epitomized by the BRI is state capitalism. Conventional wisdom often has it that China is a strong proponent of non-conditionality.<sup>20</sup> Mattlin and Nojonen, however, point out that China’s lending by state-owned policy banks is in fact full of ‘conditions’. The difference between Western countries and China may simply rest with the fact that they adopt different forms of conditionality: while the former emphasizes certain binding political conditions, e.g. good governance and democracy, the latter attaches non-political conditions to its development assistance packages.<sup>21</sup> Tied aid rests on non-political conditions that recipient countries have to purchase Chinese products or to use China’s contracting service or labour. Well before the advent of the BRI, about 70% of China’s infrastructure development aid to Africa was used to buy goods or services from Chinese, mostly state-owned, companies. The rest was theoretically passed on to local firms, many of which were, however, joint ventures with Chinese companies.<sup>22</sup> This is echoed by another study which points out that almost all of the Chinese aid packages to African countries have stipulated that Chinese workers and machinery be used.<sup>23</sup>

Behind the façade of development aid, China does not promote open-market access to its loans and grants; instead they are embedded in a China-dominated tied aid architecture with goods and services provided by well-connected Chinese state-owned enterprises. The BRI projects in South Asia, as shown in Pakistan, the Maldives and Sri Lanka, are vivid examples. Several informants in Islamabad admitted that there was no open bidding for the contracts for the projects financed by Chinese grants. Chinese state-owned companies received the project contracts directly from their government, and would produce goods and services to Pakistan.<sup>24</sup> While it is therefore often open to speculation as to whether China’s state-owned enterprises

pursue commercial profits or strategic interests on behalf of their government, China's 'win-win' narrative emphasises that the BRI has met the insatiable demand for infrastructural investment in Eurasia, and that China is the engine of regional economic growth.

State-owned enterprises have long been key players in China's economic development. According to a Gavekal Dragonomics research report, as of 2015, the SOE sector in China has accounted for roughly 30% of the country's GDP.<sup>25</sup> In addition, between 70% and 80% of these SOEs are in the sector of infrastructure investment.<sup>26</sup> This type of development model is not unique in the world. After World War II, East Asian countries of South Korea and Taiwan had adopted a similar state-led development model whereby the state played a significant role in planning and directing national economic development during their economic high-growth phases. However, the number of SOEs has dropped significantly since their political transition towards a more liberal democratic system in the 1980s and 1990s respectively. By contrast, even after 40 years of supposedly pro-market economic reforms, China's SOEs still play a predominant role in its economy and is the largest in the world in both absolute and relative terms.<sup>27</sup>

There is little doubt that the Chinese government uses subsidies, preferential loans (offered by state-owned banks) and industrial policy prevalently to cultivate a group of select enterprises to be national champions in select fields in order to build a wealthy and powerful state. At issue is whether Chinese state capitalism, embedded under the BRI, represents a threatening 'other' to South Asian states, and whether China, with the support of state-led BRI projects, manages to cultivate powerful followers to its regional order-remaking project. The role of India is pivotal to China's order-remaking and legitimation strategy.

### **India's Strategic Pushback: Territorial Integrity**

China's BRI started as a policy measure to enhance its own security by soft-balancing an imminent threat from the US. However, China's increasing infrastructure investment in South Asia has complicated the balance of power in the region. China's economic power has successfully wooed some of the states in the region to turn their diplomatic relations closer to Beijing than to New Delhi. Feeling threatened by China's strategic encirclement, India has not participated in the BRI, and was conspicuously absent from high-profile international fora on the BRI held by China in May 2017 and April 2019. One day before the first BRI international

forum in Beijing in May 2017, India issued a strongly worded statement, explaining India's core concern about the BRI. The statement reiterated India's concern over its territorial integrity and China's geopolitical influence in the region. It warned of 'unsustainable debt burden' being created by the BRI; and stated that New Delhi would not accept a project that ignored its sovereign integrity and that '[c]onnectivity projects must be pursued in a manner that respects sovereignty and territorial integrity'.<sup>28</sup>

The BRI is perceived by New Delhi as a Chinese strategic design 'to continue establishing the strategic agglomeration over India'.<sup>29</sup> A commonly held perception about CPEC in India is that it is China's balancing act 'against India with the support for Pakistan'.<sup>30</sup> Although India and China have many common interests – both are members of BRICS and the Shanghai Cooperation Organisation, and the two largest-shareholders of the Asian Infrastructure Investment Bank – they are often at loggerheads over border delineation and national sovereignty, as well as competition for regional leadership. Aksai Chin in the eastern part of Kashmir has long been a disputed territory between the two countries. Qing China began in the mid-1890s to claim it as its territory whereas Britain failed to have China's endorsement of its proposal of 1899 to divide Aksai Chin between Britain and China.<sup>31</sup> In the 1950s China constructed a road in Aksai Chin, linking Xinjiang with western Tibet.<sup>32</sup> The territorial dispute was one of the causes of the Sino-Indian war of 1962 and China has since then retained the occupation of Aksai Chin.<sup>33</sup> The war with China in 1962 has had significant impact on India's foreign policy. Despite Nehru's long-cherished foreign policy doctrine of nonalignment during the Cold War era – being 'nonaligned' with none of the two superpowers – the border war had subsequently driven India into a dependency on the Soviet Union for its military weapons supply. In addition, that war also laid the basis for China-Pakistan cooperation in the succeeding years, which was and is still perceived as a containment against India in the region.<sup>34</sup> Because CPEC passes through Gilgit-Baltistan in Pakistan-occupied Kashmir, India is leery of China's creeping presence and influence in Kashmir through CPEC.<sup>35</sup> During an India-China strategic diplomatic dialogue in Beijing in February 2017, Foreign Secretary of India, Subrahmanyam Jaishankar, bluntly stated that:

'The fact [is] that China-Pakistan Economic Corridor ... violates Indian sovereignty because it runs through Pakistan-occupied Kashmir (PoK) ... the issue for us is a sovereignty issue'.<sup>36</sup>

India feels threatened not only by Chinese investment in and use of Gwadar and Jiwani, but also by border conflict in the other part of the country. In June-August 2017 China and India faced a military stand-off in the Doklam area (known as Donglang in China), a territory claimed by China and India's ally, Bhutan, and where the Bhutan-China-India borders meet. Amid the military standoff at Doklam, the most complex week-long trilateral Malabar naval exercise among the United States, Japan and India, since its inception, was held at the Bay of Bengal in July.<sup>37</sup> Although India downplayed the timing of the exercise and maintained that it 'has nothing to do' with the military standoff between China and India at Doklam,<sup>38</sup> it was the largest naval exercise in the region in more than two decades, and was deemed as a balancing response to China's recent assertiveness in the Indian Ocean and the increasing tensions between India and China.<sup>39</sup>

### **India's Delegitimation Pushback: The 'Debt-Trap Diplomacy' Narrative**

Apart from territorial integrity, another Indian concern about the BRI is that Beijing might use this initiative to undertake 'debt-trap diplomacy' to exert undue influence in its 'natural' sphere of influence and challenge New Delhi's traditional dominance in its own immediate backyard. Debt trap is referred to the damaging situation in which 'a state has to spend much of its earning from trade on servicing its external debts rather than on economic and social development.'<sup>40</sup> Overborrowing and overlending are two sides of the same coin. While China frames it normatively as a non-colonial power and a development partners to other developing states, India takes the lead – and is followed by the US – in articulating a countervailing 'neo-colonial' 'debt-trap diplomacy' narrative to delegitimise the Chinese ordering project.<sup>41</sup> In the Indian counter-narrative, the purpose of the BRI is to enlarge China's sphere of political and economic influence and is little more than a 'colonial enterprise'.<sup>42</sup> While China claims that the BRI promotes economic interdependence, quite a lot of Chinese-funded infrastructure projects in South Asia are operational or commercial failures, generating little profit. Consequently, the South Asian debtor states cannot afford to repay the loans. Since 2014, China's trade surplus with the Maldives, Pakistan and Sri Lanka have grown rapidly. They are accordingly burdened with mounting external debts.<sup>43</sup> New Delhi has had growing concerns over the negative impact of Chinese economic statecraft on its security and its dominant position in South Asia. India is wary that China's BRI will aggravate its neighbouring states' balance of payment crisis, which will eventually force them to accommodate Beijing's security and foreign policy interests in the region. For example, in the UN Human Rights Council in July 2019 both Pakistan and Sri

Lanka supported Beijing's 'counter-terrorism and deradicalization' policy towards the Uyghurs in Xinjiang.<sup>44</sup>

The debt-trap narrative has drawn the attention of policy analysts to the public debt implications of the BRI for recipient countries. Three researchers at the Center for Global Development (CGD) in Washington, DC identified eight countries, among 68, to be vulnerable to 'debt stress' as a result of receiving BRI financing. They would likely be suffering more than the rest of the 60 countries from debt distress due to BRI-related financing. Seemingly, eight countries only constitute a minority, but the geographical distribution of them is a matter of concern for India. Two of the eight focus countries are in South Asia: Pakistan and the Maldives. In 2016, public and publicly guaranteed debt in the Maldives accounted for 65.7% of its GDP whereas the same debt-to-GDP ratio for Pakistan in the same year was 70.0%. A major source of Pakistan's debt distress is the relatively high interest rates – up to 5% – charged by Chinese lenders.<sup>45</sup>

### ***Pakistan***

Pakistan has sought financial bailouts from both the International Monetary Fund (IMF) and its allies in the Middle East after signing up to the \$63-billion CPEC. CPEC, dubbed as the 'Marshall Plan for Pakistan' and portrayed as the 'flagship project' of the BRI, commenced in 2015. When Imran Khan took office in August 2018, his government blamed the previous Sharif government for granting China 'too favourable' terms on many projects. His commerce minister even vowed to suspend all CPEC projects until a review is completed. Other political groups, especially those with local support in smaller provinces in Pakistan, expressed concern over Pakistan being turned into an 'economic colony' of China.<sup>46</sup>

Pakistan's fiscal vulnerability deteriorated in January 2018 when the Trump administration suspended security aid of \$1.3 billion a year to it after the President's accusation of Pakistan's leaders of 'nothing but lies and deceit'.<sup>47</sup> When Pakistan was facing a debt repayment crisis, which stood at \$12 billion in November 2018, it sought financial assistance from Beijing again. Hoping to be given \$6 billion in financial assistance, Islamabad was disappointed with an offer of \$2.5 billion in loans only. Saudi Arabia and the United Arab Emirates have allegedly committed to extending credit lines of up to \$12 billion – \$6 billion from each of them – to Pakistan. Simultaneously Pakistan negotiated with the IMF for a bailout and agreed to a structural adjustment programme with it, the 13<sup>th</sup> since 1988, in exchange for a \$6-billion loan

in May 2019.<sup>48</sup> As early as 2016, the IMF had warned Islamabad of the repayment obligations that would come with the CPEC projects, even though the investment might help lift the country's GDP.<sup>49</sup> The IMF package included the neoliberal demands for increasing Pakistan's taxation and having market-determined exchange and interest rates and the more controversial installation of IMF's 'own men' into Pakistan's government. Accordingly, Reza Baqir, former IMF mission chief, was appointed the governor of the State Bank of Pakistan and Abdul Hafeez Shaikh, who worked for both the IMF and the World Bank, appointed advisor to the Prime Minister on finance.<sup>50</sup>

### ***The Maldives***

The Maldives, formerly a British colony until 1965, has maintained close relations with India for decades but recently is viewed as a potential South Asian state to be locked into a Chinese debt trap. The archipelagic state of 427,000 people was not a priority in China's foreign relations before the Obama administration's 'pivot to Asia' policy. Until late 2011, China did not have any in-residence ambassador to Malé. However, the geostrategic importance of the Maldives lies with its geographic proximity to international sea-lanes where two-thirds of the world's oil and half of China's container shipments pass. In addition, the country is only 700 km from India's Lakshadweep island chain and about 1,200 km from the Indian mainland.<sup>51</sup> Over the past few years, China's investment in the Maldives has increased notably and its trade surplus with the Maldives more than doubled in three years (from US\$103 million in 2014 to US\$295 million in 2017). The archipelagic country signed a contract with a Chinese state-owned firm to upgrade its international airport in Malé during Xi Jinping's visit in 2014, a project which was originally contracted to India's GMR Infrastructure under Mohamed Nasheed's tenure (2008-2012) but was terminated by Abdulla Yameen (2013-2018).<sup>52</sup> Criticizing the Maldivian decision, India warned that 'to terminate the contract with GMR without due consultation with the company or efforts at arbitration provided for under the agreement sends a very negative signal to foreign investors and the international community'.<sup>53</sup> Nevertheless, since then, China has helped the archipelago in various mega-infrastructure projects, such as building a bridge linking Malé to Hulhulé Island and a 1,000-apartment housing project on reclaimed land on Hulhumalé, which itself is an artificial island.<sup>54</sup> Malé also signed 12 different agreements with China, including the country's first free trade agreement (FTA) and memorandum in participating the BRI during Yameen's visit to Beijing in December 2017. Currently 70% of the archipelago's foreign debt is owed to China.<sup>55</sup> What

made India's hackles rise was Yameen's decision to accept 'goodwill visits' by three Chinese naval vessels in August 2017.<sup>56</sup>

In February 2018, the government of the Maldives declared the state of emergency after the Supreme Court overturned criminal convictions against nine of Yameen's opponents and ordered to release political prisoners and re-instate disqualified parliamentarians. Instead of obeying the Court's decision, Yameen arrested two of the judges and sent troops to surround the Court. Fearful of China's attempts to lock his country in a 'debt trap', Nasheed, who was in exile in Colombo, Sri Lanka, called for India's military intervention to resolve the Maldivian political crisis. On the other hand, Yameen sent envoys to China, Saudi Arabia and Pakistan to seek political support for his government. As shown in an opinion article in *Global Times*, a newspaper published by the *People's Daily* corporation, Beijing has tactically sided with Yameen and warned that China would oppose outside interference; it said, 'if India one-sidedly sends troops to the Maldives, China will take action to stop New Delhi'.<sup>57</sup> Most of the opposition party's senior leaders were charged with acts of terrorism, which had effectively made them ineligible for the forthcoming presidential election. An opposition party alliance agreed in June to nominate Ibrahim Mohamed Solih to run in the election. During the electoral campaign Solih vowed to review the Chinese projects committed by Yameen. Fears of political crisis eased in September when Yameen conceded defeat to Solih in the election. Warm ties with India began to restore afterwards. India felt satisfied with the decisive victory of Solih's Maldivian Democratic Party in the parliamentary elections in April 2019.<sup>58</sup>

### ***Sri Lanka***

The most controversial part of China's BRI in Sri Lanka is the Hambantota port in the south of the island state.<sup>59</sup> Originally the Sri Lankan government under Mahinda Rajapaksa (2005-2015) offered the project to India but the latter declined.<sup>60</sup> China agreed to finance the \$1.5-billion project through three phases. With an initial estimated investment of \$361 million, ultimately totalling \$508 million, the first phase began in 2008 and became operational in 2010. China's state-owned Export-Import (EXIM) Bank funded 85% of the first phase at a relatively high interest rate of 6.3%, and the Sri Lanka Ports Authority (SLPA) funded the additional 15%. This first phase included the construction of the basic port and other facilities for shipbuilding, bunkering, ship repairing, and crew changing. The second phase commenced in November 2012 and has largely been completed at an estimated cost of \$810 million; it

involved the construction of berths; a feeder container terminal; an artificial island; a cofferdam; and other yards. The port's entrance channel was deepened from -16 m to -17 m. The Rajapaksa government was not able to see the third phase unfold, as he was defeated in the 2015 elections.<sup>61</sup>

It is widely alleged that the succeeding Sirisena government (2015-2019) found it unable to pay back the loans, it in 2017 handed over the port to a Chinese state-owned enterprise, China Merchants Port Holdings, on a 99-year lease in order to write off a debt of \$1.1 billion.<sup>62</sup> It is, however, counter-argued that the lease was not a debt-equity swap with Sri Lanka still being obliged to repay the loans obtained from the Export-Import Bank of China. The foreign exchange acquired from the lease was instead used to tackle the country's balance of payment crisis arising out of sluggish growth in exports and foreign direct investment.<sup>63</sup>

Sri Lanka's the other major infrastructure project, Mattala Rajapaksa International Airport, dubbed 'the world's emptiest international airport', was also in the red. Mattala, located only 20 km away from Hambantota port, was built in 2009. Of its total construction cost of \$209 million, \$190 million (91%) was provided by the Export-Import Bank of China through a concessionary loan. As the losses of the airport began to mount, the Sri Lankan government intended to sell it. India was concerned that it might become China's air force base and offered to take over the airport in 2017. In July 2018 Sri Lanka announced that the airport would be operated by India in a Sri Lanka-India joint venture.<sup>64</sup> Also, much to the dismay of India, Sri Lanka granted docking rights to Chinese submarines in its Colombo port in November 2014. The Sirisena government, which came to power in 2015, did not give a similar permission in 2017.<sup>65</sup> However, the return of the pro-China Rajapaksa brothers to power in November 2019, with Gotabaya as the President and Mahinda as the Prime Minister, has alarmed India. In visiting New Delhi in February 2020, Mahinda Rajapaksa defended that the debt his country owed to China amounted to only 12% of the total external debt and that the Chinese funds were used for developing infrastructure. He blamed the previous Sirisena government for handing over Hambantota to reduce the debt.<sup>66</sup> Nevertheless, whether the Mahinda Rajapaksa government borrowed excessively from the Chinese bank to construct the port when his country's public finance had been in dire condition is open to dispute.<sup>67</sup>

India's countervailing narrative tries to refute the Chinese legitimization strategy by framing China's external behaviour as little different from the European imperialist powers in the past.

The Indian academic Brahma Chellaney has argued, ‘If states are saddled with onerous levels of debts as a result [of the BRI investment], their financial woes only aid China’s *neocolonial* designs’ (emphasis added)<sup>68</sup>; ‘as Hambantota [in Sri Lanka] shows, China is now establishing its own Hong Kong-style *neocolonial* arrangements’ and ‘the BRI is essentially an *imperial* project that aims to bring to fruition the mythical Middle Kingdom’ (emphases added).<sup>69</sup> Neelam Deo and Amit Bhandari of Gateway House (the Indian Council on Global Relations) expressed their concern over the high cost of BRI projects. In their words, ‘Padded project costs and high interest rates on project loans may push recipient countries into a debt trap – a concern that’s increasingly evident in countries such as Sri Lanka, Malaysia and Myanmar.’<sup>70</sup> As such, India not only defies joining the BRI but also sets the scene for a ‘debt trap diplomacy’ narrative as a process of delegitimation of China’s economic leadership. In explaining why India would not participate in the BRI forum in Beijing in May 2017, the Indian government argued that ‘Connectivity initiatives must follow principles of financial responsibility to avoid projects that would create *unsustainable debt burden* for communities’ (emphasis added).<sup>71</sup> Apart from delegitimizing China’s state capitalism, New Delhi also seeks the opportunity to counter China’s regional influence by garnering political support from other like-minded liberal democratic powers to contest China’s regional order construction. Deo and Bhandari of Gateway House have called on India ‘to work with Japan to provide alternatives, to ensure that the region is neither bankrupted nor militarised by Chinese influence.’<sup>72</sup>

### **Order Contestation: ‘Liberalism’ vs. State Capitalism**

In response to China’s BRI inroads into South Asia, India has undertaken its own regional order-building project, in partnership with Japan in particular, to undermine the growing power and influence of China and its ally, Pakistan.

Vying with China, India has invested \$85 million to construct infrastructure in Chabahar port in south-eastern Iran, adjacent to Gwadar. In May 2016, New Delhi and Tehran signed an MOU to develop a Transit and Transport Corridor among Iran, India and Afghanistan. The major purpose of this infrastructure building, including ports, road and rail networks, is to enhance the connectivity with landlocked Afghanistan and with the greater Central Asia, with an aim of bypassing Pakistan and ending Afghanistan’s dependence on the port of Karachi in Pakistan.

The first phase of the Chabahar port was finished at the end of 2017 and India had also sent its first shipment of 15,000 tonnes of wheat to Afghanistan through Chabahar. The port was formally handed over to India Ports Global Limited (IPGL), a state-owned enterprise, in December 2018 and has been fully operational since early 2019.<sup>73</sup>

India is also actively promoting its presence in the Indian Ocean, apart from Chabahar port. In 2015, India signed agreements with Mauritius and Seychelles to develop ‘strategic infrastructure’ on two islands – Agalega Island in Mauritius and Assumption in Seychelles.<sup>74</sup> Although the agreement with Seychelles encountered domestic opposition in the island state, India and Seychelles managed to overcome it and revised the agreement in January 2018, which would allow India to build ‘military infrastructure’ in the archipelago.<sup>75</sup> To further establish its strategic reach in the India Ocean in order to counter China’s presence in the region, New Delhi also entered into agreement with Oman, allowing Indian Navy access to the Port of Duqm in Oman. Duqm port sits atop of the Indian Ocean and is a crucial waterway to the Persian Gulf.<sup>76</sup>

To regain India’s position and reverse China’s strategic influence in the region, Indian Prime Minister Narendra Modi chose the Maldives and Sri Lanka as his first overseas visits in his second term of his premiership in June 2019. During these visits, New Delhi signed a large number of memorandums and agreements with Malé, covering hydrography and a coastal radar system to strengthen both countries’ surveillance network. Discussion with Sri Lanka also centred on security engagements and economic development. Overall, Modi is hoping to offset China’s influence by re-establishing India’s long-term military commitment to these countries and regain New Delhi’s position in the region.<sup>77</sup>

Going beyond South Asia, with his ‘Act East’ policy, Modi has further strengthened its relations with Japan. Their bilateral relations have been cultivated rapidly as a calculated effort to counter-balance China’s influence through its BRI in the region. Modi and Abe conceptualized their countries’ bilateral relationship as a ‘Special Strategic and Global Partnership’ under a *Vision 2025* plan. In their joint statement during Abe’s visit to India in December 2015, both vowed that ‘Japan and India, two of the largest and oldest *democracies* in Asia having a high degree of congruence of political, economic and strategic interests, view each other as partners that have responsibility for and are capable of responding to global and regional challenges’ (emphasis added).<sup>78</sup> This overarching *India-Japan Vision 2025*, Abe’s signature Expanded Partnership for Quality Infrastructure initiative and Modi’s ‘Make in India’

initiative and ‘Act East’ policies, have all further forged Indian and Japanese cooperation on providing infrastructure projects to developing countries in order to counter the BRI. The Asia-Africa Growth Corridor (AAGC), which aims to link Africa with India, Bangladesh, Myanmar, Cambodia and Laos together by sea route, was proposed by India and Japan during the annual meeting of the African Development Bank, held in Gujarat, India in May 2017.<sup>79</sup> Back in 2007, during Abe’s first term as the prime minister of Japan, he conceptualised the idea of ‘the confluence of two seas’ in his speech to the Indian Parliament. Ten years on, Abe expanded on the concept by connecting ‘two continents’ – Asia and Africa – and ‘two oceans’ – the Indian and Pacific Oceans – together through the AAGC.<sup>80</sup> The AAGC is often compared with the BRI and deemed as a doppelgänger of the ‘String of Pearls’ that the US uses to refer to China’s strategy to build ports along the Indian Ocean coast.<sup>81</sup>

In addition, India is also seeking the opportunity to collaborate with ASEAN countries in infrastructure building. In addition to the 1,360-kilometres trilateral highway project among India, Myanmar and Thailand, New Delhi is also seeking to extend the connectivity and strengthen its trade relationship with the ASEAN countries. The government is considering boosting its financial assistance for a highway going from India to Vietnam through Cambodia and Laos. On its Republic Day in January 2018, in an unprecedented move, New Delhi invited all 10 ASEAN leaders to attend. It was speculated that the Modi government was seeking to strengthen its relations with the Southeast Asian bloc amid the growing influence of China in the region.<sup>82</sup>

### ***Liberal Like-Mindedness: The Quad and the Lexicon of the ‘Indo-Pacific’***

Against this geopolitical background, one may understand the logic behind the revival of the Quadrilateral Security Dialogue (Quad) in 2017. The Quad originated in the response to the 2004 Boxing Day tsunami along the coasts of most landmasses bordering the Indian Ocean. Four democratic powers – Australia, India, Japan and the United States – proposed an informal cooperative mechanism to provide military hardware and humanitarian relief to the affected areas.<sup>83</sup> This event highlighted the potential maritime cooperation between these four democratic states. Japan’s Prime Minister, Shinzo Abe, initiated in 2007 to turn this informal alliance into a more strategic partnership with a desire to balance the rise of China. This four-way strategic dialogue was designed to preserve the common interests among the like-minded

regional powers, including a liberal rules-based regional order and the maintenance of stability in Asia.

The US and Japan used to be the strongest backers of the Quad while India and Australia were ‘the two weaker links in the Quad chain’.<sup>84</sup> Not long after the Quad was established in May 2007, Australia retreated from it in 2008 for fear that the strategic alliance would affect its economic relations with China.<sup>85</sup> However, with growing concerns about China’s increasing assertiveness in the region and the relative decline of the American power, there is a growing nervousness about peace and security in the region. None of the states in Asia could balance China’s growing economic and military strength on their own.<sup>86</sup> Under this backdrop, the Quad was revived in 2017 during Trump’s Asia visit in November of that year.

A new geostrategic term, the ‘Indo-Pacific’, also came of age formally in the year. The US unveiled a new American vision based on a ‘free and open Indo-Pacific’ region. Since then, the term ‘Indo-Pacific’ has replaced ‘Asia-Pacific’ as the new lexicon in the policy circles, e.g. from the U.S. National Security Strategy to its National Defence Strategy.<sup>87</sup> The latter one even labelled China as ‘a strategic competitor’ in the Indo-Pacific. In May 2018, the U.S. military also announced that its Pacific Command was renamed the Indo-Pacific Command.<sup>88</sup> Prior to the U.S. adopting this phrase, Australia has also silently retitled its government body and had its ‘Asia-Pacific Group’ under the Department of Foreign Affairs and Trade (DFAT) renamed the ‘Indo-Pacific Group’ in 2017.<sup>89</sup> However, India has been behind the promotion of the new notion for years.<sup>90</sup> As Chengxin Pan has argued, the new concept is not a neutral description, but ‘a manufactured super-region designed to hedge against a perceived Sino-centric regional order’, and the key actors of the new construct are the US, Australia, Japan and India.<sup>91</sup>

The revival of the Quad (sometimes referred to as the Quad 2.0) and the lexicon of the ‘Indo-Pacific’ are due to Chinese expansion in the region and those BRI-related investment activities. A common perception among these four democracies is that China poses a challenge to the stability of the liberal rules-based order.<sup>92</sup> India’s nervousness might even be larger than others as China’s controversial BRI activities in Pakistan, the Maldives and Sri Lanka are all challenging India’s long-standing dominant position in South Asia. Hence, New Delhi is willing to revive the Quad and to hedge against military threats from a rising China to the peace and security of the South China Sea and the Indian Ocean. India has recently given the green

light to upgrading the status of Quad 2.0 meetings to ministerial level. Foreign Ministers of Australia, India and Japan and US Secretary of State met on the sidelines of the United Nations General Assembly in September 2019. This ‘unprecedented’ meeting was widely reported in the Indian press.<sup>93</sup> In answering a question about the change in India’s stance raised by *The Hindu*, an Indian newspaper, a US State Department official highlighted the crystallisation of ‘like-mindedness’ among the four states. He said, ‘There’s recognition that, you know, in the past we didn’t have that similar like-minded necessarily among the four partners and over the past two years, you know, we’ve been able to demonstrated what’s changed.’<sup>94</sup>

## **Conclusion**

The BRI was originally a strategy designed to enhance China’s security by soft-balancing an imminent threat from the US from across the Pacific. It has then evolved into a Eurasian order-remaking project by spreading Chinese statist norms and rules. While its infrastructure investment in South Asia proceeds, the legitimacy of the China model of state capitalism is under challenge by India, which has perceived the BRI to be a strategic move to upend the status quo and the balance of power in the region, endangering the already strained relations between China and India. As shown in this article, India has strategic reasons for being concerned over the BRI. The highway of CPEC not only passes through the territories highly sensitive to New Delhi, Chinese management of the Gwadar and Jiwani ports has also threatened India’s national security. In addition, China’s recent assertiveness in the Indian Ocean and its investment activities in the region are perceived by New Delhi as part of its encirclement of India by the virtue of ‘debt-trap diplomacy’ with all other South Asian states in its near neighbourhood, challenging its traditional leadership in the region. Beijing’s infrastructure building has touched a raw nerve with India, which, as a post-colonial state, goes to great pains to defend its territorial integrity and both its physical and ontological security.

As a response, India has sought every opportunity to counter China’s regional influence and delegitimize its attempts at regional order remaking by establishing the ‘debt-trap diplomacy’ narrative. The common thread running through India’s counter-BRI policies, from the AAGC, Quad 2.0, and Malabar exercises to its increasing political and economic bonds with ASEAN, is to strengthen a liberal order in the Indo-Pacific to counter China’s presence in the region. Behind the façade of China and India having established a bilateral ‘strategic partnership’, they

compete openly for political and economic influence in the region. China-India relations remain as ‘the most competitive relationship between two of the world’s mega-states in the twenty-first century’.<sup>95</sup> The effectiveness and legitimacy of China’s soft balancing against the United States and regional order-remaking largely depends on how China manages its relations with its regional arch-rival, India, and whether the latter is willing to acquiesce to, and follow, the Chinese rules of the game. This article has, however, demonstrated that shared understandings of how regional powers should behave as part of the establishment of the BRI in South Asia are absent, and that an order contest between the most powerful states in the region, China and India, looms large.

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<sup>1</sup> Examples include Jonathan Holslag, *The Silk Road Trap: How China’s Trade Ambitions Challenge Europe* (Cambridge: Polity Press, 2019); Bruno Maçães, *Belt and Road: A Chinese World Order* (London: C. Hurst & Co Ltd, 2018); Nadège Rolland, *China’s Eurasian Century? Political and Strategic Implications of the Belt and Road Initiative* (Seattle, WA: National Bureau of Asian Research, 2017).

<sup>2</sup> Hong Yu, ‘Motivation behind China’s “One Belt, One Road” Initiatives and Establishment of the Asian Infrastructure Investment Bank’, *Journal of Contemporary China* 26, no. 105 (2016): 353-368.

<sup>3</sup> Lai-Ha Chan, ‘Soft Balancing against the US “Pivot to Asia”’: China’s Geostrategic Rationale for Establishing the AIIB’, *Australian Journal of International Affairs*, 71, no.6 (2017): 568-590.

<sup>4</sup> Ibid.

<sup>5</sup> This draws on Neal G. Jesse et al., ‘The Leader Can’t Lead When the Followers Won’t Follow: The Limitations of Hegemony’, in *Beyond Great Powers and Hegemons: Why Secondary States Support, Follow, or Challenge*, eds. Kristen P. Williams, Steven E. Lobell and Neal G. Jesse (Stanford, CA: Stanford University Press, 2012), 1-30.

<sup>6</sup> Sino-Indian relations began to worsen after the 1959 Tibetan Uprising, after which the Dalai Lama was given political asylum by India. The two countries fought a border war in 1962, and their bilateral relations have remained strained. Border disputes are left unresolved and India has been concerned about the strengthening of ties between China and Pakistan. For two major studies of their mutual relations, see Jonathan Holslag, *China and India: Prospects for Peace* (New York, NY: Columbia University Press, 2009) and T.V. Paul (ed), *The China-India Rivalry in the Globalization Era* (Washington, DC: Georgetown University Press, 2018).

<sup>7</sup> Hedley Bull, *The Anarchical Society: A Study of Order in World Politics* (Basingstoke: Palgrave, 2002, 3<sup>rd</sup> edition), 8 and 16-19; and Lai-Ha Chan, *China Engages Global Health Governance: Responsible Stakeholder or System-Transformer?* (New York: Palgrave Macmillan, 2011), 21-22.

<sup>8</sup> Janice Bially Mattern, *Ordering International Politics: Identity, Crisis, and Representational Force* (NY: Routledge, 2005), 30

<sup>9</sup> They are summarized in Pak K. Lee, Anisa Heritage and Zhouchen Mao, ‘Contesting Liberal Internationalism: China’s Renegotiation of World Order’, *Cambridge Review of International Affairs* 33, no. 1 (2020): 52-60, 52.

<sup>10</sup> Charles Kupchan, ‘The Normative Foundations of Hegemony and the Coming Challenge to Pax Americana’, *Security Studies*, 23, no. 2 (2014): 219-257; Anisa Heritage and Pak K. Lee, *Order, Contestation and Ontological Security-Seeking in the South China Sea* (Cham: Palgrave Macmillan, 2020), Chapter 2; and Lee, Heritage and Mao, ‘Contesting Liberal Internationalism’.

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- <sup>11</sup> Stacie E. Goddard, *When Right Makes Might: rising Powers and World Order* (Ithaca, NY: Cornell University Press, 2018), 4 and 21; Stacie E. Goddard and Ronald R. Krebs, 'Rhetoric, Legitimation, and Grand Strategy', *Security Studies* 24, no. 1 (2015): 5-36, 9; Jens Steffek, 'The Legitimation of International Governance: A Discourse Analysis', *European Journal of International Relations* 9, no. 2 (2003): 249-275.
- <sup>12</sup> For a study of the 'New Silk Road', see Joshu Kucera, 'The New Silk Road,' *The Diplomat*, 11 November 2011; <http://thediplomat.com/2011/11/the-new-silk-road/> (accessed 16 June 2018)
- <sup>13</sup> For the origin and explanation of China's 'Marching West' strategy, see Chan, 'Soft Balancing against the US "Pivot to Asia"'.
- <sup>14</sup> William A. Callahan, 'China's 'Asia Dream': The Belt and Road Initiative and the New Regional Order', *Asian Journal of Comparative Politics* 1, no. 3 (2016): 226-243, 228.
- <sup>15</sup> Ronald R. Krebs, *Narrative and the making of US National Security* (Cambridge: Cambridge University Press, 2015), 14.
- <sup>16</sup> Belt and Road News, 'Belt and Road Initiative: China's Commitment to Win-Win Cooperation', 3 May 2019; <https://www.beltandroad.news/2019/05/03/belt-chinas-commitment-to-win-win-cooperation/> (accessed 17 October 2019).
- <sup>17</sup> Camilla T.N. Sørensen, 'The Significance of Xi Jinping's "Chinese Dream" for Chinese Foreign Policy: From "Tao Guang Yang Hui" to "Fen Fa You Wei"', *Journal of China and international Relations* 3, no. 1 (2015): 53-73.
- <sup>18</sup> Wang Jisi, "西進", 中國地沿戰略的再平衡 ("Marching Westwards": The Rebalancing of China's Geostategy', *環球時報 (Global Times)*, 12 October 2012; [http://opinion.huanqiu.com/opinion\\_world/2012-10/3193760.html](http://opinion.huanqiu.com/opinion_world/2012-10/3193760.html) (accessed 18 March 2017).
- <sup>19</sup> Raffaello Pantucci, 'China's South Asian Miscalculation', *Current History* 117, no. 798 (2018): 142-147, 142.
- <sup>20</sup> Mikael Mattlin and Matti Nojonen, 'Conditionality and Path Dependence in Chinese Lending', *Journal of Contemporary China* 24, no. 94 (2015): 701-720; and Xiaobing Wang, Adam Ozanne and Xin Hao, 'The West's Aid Dilemma and the Chinese Solutions?', *Journal of Chinese Economic and Business Studies* 12, no. 1 (2014): 47-61.
- <sup>21</sup> Mattlin and Nojonen, 'Conditionality and Path Dependence in Chinese Lending'
- <sup>22</sup> Jamil Anderlini, 'China Insists on "Tied Aid" in Africa', *Financial Times*, 25 June 2007; Congressional Research Service, *China's Foreign Policy and 'Soft Power' in South America, Asia, and Africa* (Washington, DC: U.S. Government Printing Office, 2008), 114; [https://fas.org/irp/congress/2008\\_rpt/crs-china.pdf](https://fas.org/irp/congress/2008_rpt/crs-china.pdf) (accessed 6 March 2020).
- <sup>23</sup> Tukumbi Lumumba-Kasongo, 'China-Africa Relations: A Neo-Imperialism or a Neo-Colonialism? A Reflection', *African and Asian Studies* 10, nos. 2-3 (2011): 234-266.
- <sup>24</sup> Interviews in Islamabad, May 2017.
- <sup>25</sup> This figure will go up to approximately 50% if the contributions of indirectly controlled entities, urban collectives and public village enterprises are included. See Andrew Szamosszegi and Cole Kyle, *An Analysis of State-owned Enterprises and State Capitalism in China* (a research report prepared by Capital Trade, Incorporated and submitted to U.S.-China Economic and Security Review Commission), 26 October 2011, 1; [http://sites.utexas.edu/chinaecon/files/2015/06/US-China-Commission\\_State-Owned-Enterprises-and-State-Capitalism.pdf](http://sites.utexas.edu/chinaecon/files/2015/06/US-China-Commission_State-Owned-Enterprises-and-State-Capitalism.pdf) (accessed 23 October 2019).
- <sup>26</sup> Andrew Batson, 'The State of the State Sector', GavekalDragonomics, March 2017, 5-7; [http://www.cebc.org.br/sites/default/files/the\\_state\\_of\\_the\\_state\\_sector.pdf](http://www.cebc.org.br/sites/default/files/the_state_of_the_state_sector.pdf) (accessed 23 October 2019)
- <sup>27</sup> Ibid.
- <sup>28</sup> Indian Government, 'Official Spokesperson's Response to a Query on Participation of India in OBOR/BRI Forum', 13 May 2017; <http://www.mea.gov.in/media->
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<sup>29</sup> Gautam Sen, *China-One Belt and One Road Initiative: Strategic & Economic Implications* (New Delhi: Vivekananda International Foundation, 2016), 2.

<sup>30</sup> Jabin T. Jacob, 'China's Belt and Road Initiative: Perspectives from India', *China and World Economy* 25, no. 5 (2017): 78-100, 82.

<sup>31</sup> Neville Maxwell, *India's China War* (Harmondsworth: Penguin Books, 1972): 16, 18-20.

<sup>32</sup> *Ibid.*, 82.

<sup>33</sup> Owen Bennett Jones, *Pakistan: Eye of the Storm* (New Haven and London: Yale University Press, 2009), 92.

<sup>34</sup> Baldev Raj Nayar and T.V. Paul, *India in the World Order: Searching for Major-Power Status* (Cambridge: Cambridge University Press, 2003), 80.

<sup>35</sup> Stratfor, 'South Asia: A Bump in the Belt and Road', *Stratfor Worldview*, 16 May 2017.

<sup>36</sup> K.J.M. Varma, 'CPEC Violates Sovereignty: India Tells China', Press Trust of India, 22 February 2017; [http://www.ptinews.com/news/8435073\\_CPEC-violates-sovereignty](http://www.ptinews.com/news/8435073_CPEC-violates-sovereignty).

<sup>37</sup> Malabar exercise has been an annual bilateral event between India and the United States since 1992. In 2007 this naval exercise expanded to include Japan, Australia, and Singapore. Australia and Singapore have since 2007 not participated in the exercise, but Japan re-joined it in 2009, 2011, and 2014, and became a permanent member of it since 2015. See P. Pandey, 'Malabar 2017: Trilateral Naval Exercise Concludes Amid India-China Standoff', *The Diplomat*, 19 July 2017; <https://thediplomat.com/2017/07/malabar-2017-trilateral-naval-exercise-concludes-amid-india-china-standoff/> (accessed 5 February 2018).

<sup>38</sup> Press Trust of India, 'India, Japan, the US Hold Joint Naval Exercises', 10 July 2017; [http://ptinews.com/news/8874268\\_India--Japan--the-US-hold-joint-naval-exercises](http://ptinews.com/news/8874268_India--Japan--the-US-hold-joint-naval-exercises) (accessed 5 February 2018).

<sup>39</sup> Steve George and Huizhong Wu, 'US, India and Japan Begin Naval Exercises, as China Looks on', *CNN*, 12 July 2017; <https://edition.cnn.com/2017/07/11/asia/india-japan-us-malabar-exercises/index.html> (accessed 5 February 2018).

<sup>40</sup> Martin Griffiths, Terry O'Callaghan and Steven C. Roach, *International Relations: The Key Concepts* (Abingdon: Routledge, 2014), 63.

<sup>41</sup> Brahma Chellaney, 'China's Debt-Trap Diplomacy', *The Strategist*, 24 January 2017; <https://www.aspistrategist.org.au/chinas-debt-trap-diplomacy/>; Brahma Chellaney, 'China's Creditor Imperialism', *Project Syndicate*, 20 December 2017; <https://www.project-syndicate.org/commentary/china-sri-lanka-hambantota-port-debt-by-brahma-chellaney-2017-12?barrier=accesspaylog>; John Pomfret, 'China's Debt Traps around the World Are a Trademark of Its Imperialist Ambitions', *Washington Post*, 27 August 2018; <https://www.washingtonpost.com/news/global-opinions/wp/2018/08/27/chinas-debt-traps-around-the-world-are-a-trademark-of-its-imperialist-ambitions/> (all accessed 17 October 2019).

<sup>42</sup> Indrani Bagchi, 'India Slams China's One Belt One Road Initiative, Says It Violates Sovereignty', *Times of India*, 14 May 2017; <https://timesofindia.indiatimes.com/india/china-road-initiative-is-like-a-colonial-enterprise-india/articleshow/58664098.cms>; Rajiv Ranjan, 'How Can China Convince India to Sign Up for "One Belt, One Road"?', *The Diplomat*, 5 May 2017; <https://thediplomat.com/2017/05/how-can-china-convince-india-to-sign-up-for-one-belt-one-road/> (all accessed 24 June 2017).

<sup>43</sup> For a detailed account of China's trade surplus with South Asian countries between 2014 and 2017, see Lai-Ha Chan, 'Can China's Belt and Road Initiative Build a Peaceful Regional Order? Acquiescence and Resistance in South Asia', in Michael Clarke, Matthew Sussex and Nick Bisley (eds), *The Belt and Road Initiative and Future of Regional Order in the Indo-Pacific* (Lanham: Lexington, 2020), 23-40.

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<sup>44</sup> UN Human Rights Council, forty-first session, 24 June-12 July 2019, Agenda item 3: Promotion and Protection of All Human Rights, Civil, Political, Economic, Social and Cultural Rights, Including the Right to Development, A/HRC/41/G/17; <https://undocs.org/A/HRC/41/G/17> (accessed 5 March 2020).

<sup>45</sup> John Hurley, Scott Morris and Gailyn Portelance, *Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective* (Center for Global Development Policy Paper 121) (Washington, DC: Center for Global Development, 2018); <https://www.cgdev.org/publication/examining-debt-implications-belt-and-road-initiative-a-policy-perspective> (accessed 22 June 2019). The International Monetary Fund uses 'general government gross debt as percentage of GDP' to gauge debt sustainability of various countries ([https://www.imf.org/external/datamapper/GGXWDG\\_NGDP@WEO/OEMDC/ADVEC/WEOWORLD](https://www.imf.org/external/datamapper/GGXWDG_NGDP@WEO/OEMDC/ADVEC/WEOWORLD); accessed 22 June 2019). Since 2013 when China announced its BRI, the debt-to-GDP ratios, according to the IMF calculations, for the Maldives, Pakistan and Sri Lanka have been increasing. In 2013 they were 55.9%, 63.9% and 71.8% respectively; five years later, they stood at 61.5%, 72.1% and 84.1% respectively.

<sup>46</sup> Shamil Shams, 'Is New Pakistani PM Khan Backtracking on China's Economic Corridor?' *DW.COM*; 18 September 2018; <https://www.dw.com/en/is-new-pakistani-pm-khan-backtracking-on-chinas-economic-corridor/a-45539991> (accessed 6 March 2020).

<sup>47</sup> Michael D. Shear and Salman Masood, 'Trump Tries Cooling Tensions with Pakistan to Speed Afghan Peace Talks', *New York Times*, 22 July 2019; <https://www.nytimes.com/2019/07/22/world/asia/trump-pakistan-afghanistan.html> (accessed 6 March 2020).

<sup>48</sup> Adnan Aamir, 'China's Disappointing Aid Offer Dashes Pakistan's Hope of Debt Rescue', *Nikkei Asian Review*, 11 February 2019; <https://asia.nikkei.com/Politics/International-relations/China-s-disappointing-aid-offer-dashes-Pakistan-s-hope-of-debt-rescue>; Anadolu Agency, 'IMF Bailout Package – Rescue or Trap for Pakistan?' *Dawn*, 16 May 2019; <https://www.dawn.com/news/1482666> (both accessed 6 March 2020).

<sup>49</sup> *The Times of India*, 'Prevent IMF Bailout to Pakistan to Repay "Chinese Debt": Senior US Congressmen', 8 April 2019; <https://timesofindia.indiatimes.com/business/international-business/prevent-imf-bailout-to-pakistan-to-repay-chinese-debt-senior-us-congressmen/articleshow/68776358.cms> (accessed 6 March 2020).

<sup>50</sup> Salman Masood, 'Pakistan to Accept \$6 Billion Bailout from I.M.F.', *New York Times*, 12 May 2019; <https://www.nytimes.com/2019/05/12/world/asia/pakistan-imf-bailout.html>; Kunwar Khuldune Shahid, 'The IMF Takeover of Pakistan', *The Diplomat*, 18 July 2019; <https://thediplomat.com/2019/07/the-imf-takeover-of-pakistan/> (accessed 5 March 2020).

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<sup>52</sup> Daniel Bosley, 'Maldives Gives Airport Contract to Chinese firm during Xi's visit', *Reuters*, 16 September 2014; <https://in.reuters.com/article/china-maldives/maldives-gives-airport-contract-to-chinese-firm-during-xis-visit-idINKBN0HA1TS20140915> (accessed 18 June 2018).

<sup>53</sup> Indrani Bagchil, 'India Slams Maldives for Cancellation of GMR's Airport Project', *Times of India*, 27 November 2012; <https://timesofindia.indiatimes.com/india/India-slams-Maldives-for-cancellation-of-GMRs-airport-project/articleshow/17391671.cms> (accessed 17 February 2018).

<sup>54</sup> Sudha Ramachandran, 'The China-Maldives Connection'.

<sup>55</sup> *Ibid.*

<sup>56</sup> Mohan Malik, 'Caught in a Tug-of-War,' *Asian Affairs*, March 2018 [http://www.asianaffairs.in/magazine/caught-in-a-tug-of-war/#.Wsh\\_h4jwbAl](http://www.asianaffairs.in/magazine/caught-in-a-tug-of-war/#.Wsh_h4jwbAl) (accessed 16 June 2018).

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