One Belt One Road - Belt and Road Initiative (Silk Road Reborn)

The One Belt One Road Initiative (OBOR) is the global development strategy initiated by the Government of China involving infrastructural development and direct investments in many countries across the continents of Asia, Europe, Africa and the Americas.

With regards to the IAS exam, One Belt One Road (OBOR) is an important topic it has implications for India’s foreign policy and economy. The topic is covered under UPSC Mains GS-II (Indian Polity, Governance and International Relations.)

This article will detail the history, objectives, latest developments and India’s stand regarding the One Belt One Road initiative.

What is the One Belt One Road initiative?

The OBOR initiative was announced in 2013 by China’s President Xi Jinping. The ‘Belt’ refers to the ‘Silk Road Economic Belt’, which is a series of overland routes reminiscent of the Silk Road of antiquity and the late middle ages, while the ‘Road’ refers to the sea routes, which is also referred to as the 21st Century Maritime Silk Road.

The OBOR has been referred to as the Belt and Road Initiative (BRI) since 2016 due to the Chinese government's consideration of the word ‘one’ is prone to misinterpretation. The Chinese media however still refers to it as the One Belt One Road to this day.

The image below represents the expected route map of the One Belt One Road initiative.
Objectives of the OBOR

The objectives of the OBOR are as follows:

1. Creation of a unified large market that makes use of both international and domestic markets.
2. Facilitate cultural exchange and integration
3. Enhance mutual understanding and trust of member nations that will foster an innovative environment with capital inflows, talent pool and technology database.

To summarise it the ultimate objective of the OBOR will address the infrastructural gap and accelerate potential economic growth across the Asia Pacific region, Africa and Eastern Europe.

IAS aspirants should know the updates about OBOR as it is important for the UPSC 2020 exam. The UPSC Mains questions can come from the topic and aspirants should be well-prepared.

Analysis of the OBOR

China experienced rapid growth from the 1980s to the early 2000s with an increase of production and investment powered by the country’s integration into regional cross-border production works. The Great Recession of 2008 and the subsequent decline in world trade dented the economic growth of China, as it severely hampered the export-oriented growth strategy. Thus it was decided that a new economic strategy had to be formulated. The foundation of this strategy was a major investment program financed by massive money creation and low-interest rates. It was believed that such a plan would counter the effects of declining external demand.
There are many important economic and geopolitical factors at play regarding the initiative, but given its own domestic economic challenges, it is more likely to be focused on the former.

Many of its proposed infrastructure projects run through some of China’s underdeveloped regions as it could provide a much-needed stimulus for its economic slowdown. It is the belief of Beijing that this improved connectivity between its poor and richer provinces will give way to improved economic integration and regionally balanced growth.

With regards to foreign policy, the OBOR reflects many of the priorities in improving relations with its neighbours, which is on the tethers due to a myriad of border disputes. Overall the long-term successful implementation of this initiative would improve cross-border trade and financial inflows from the entire Eurasian regions.

In addition, the geopolitical implications of this initiative must also be taken into account. China will use the OBOR to counter the status-quo of the USA as a world power. By strategically investing in nations around the world especially in dockyard and airport infrastructures, it is possible for China to counter any moves that will be detrimental to its interests.

**Major Concerns about the OBOR in Asia and Beyond**

The implementation of the OBOR will pose significant risks and challenges for China’s neighbours and itself. Some of them are as follows:

- Chinese construction companies have a poor track record when operating in foreign nations, chief among them being the mistreatment of local workers. Therefore, any excesses on the part of these companies might result in a serious blow to China’s image. This in addition to giving rise to instability in host nations will prove detrimental to the OBOR initiative.

- The geopolitical aspects of the initiative are that certain nations such as the United Nations and Russia view it as a risk to their influence in their respective regions. Russia views Central Asia as part of its sphere influence for a long time. The increase in Chinese influence is taken as a hurdle towards Russian interests in the region. The same can be said for the United States regarding its interests in the Pacific Region.

- The ultimate risk is of falling into a ‘debt trap’. The exorbitant funding for unsound projects to secure Chinese access to local resources, instead of helping the local economy will leave such nations vulnerable to Chinese influence. When a host country is unable to pay back the money invested by China, China on its part will ask concessions that will compromise its sovereignty. The case of Sri Lanka handing over one of its Chinese-financed shipyards to a Chinese-backed company for a 99-year lease is such an example.

- Countries who have been part of the OBOR have accused China of practising credit imperialism by charging exorbitant rates of interest. This forces them into giving up
critical infrastructure in order to pay off the loan. Such claims have been vehemently denied by China.

India’s Stand on the OBOR initiative

- The Indian security establishment is deeply suspicious of China’s silk road initiatives.
- Delhi’s strategic community has long objected to China’s road construction on land frontiers and port-building in the Indian Ocean as “strategic encirclement”.
- The problem is even more compounded with the presence of the China-Pakistan Economic Corridor (CPEC). It is the presence of CPEC that actually lends credence to the “strategic encirclement” theory.
- However, optimists feel India needs to take a fresh look. Canning the issue will be paving the way for India’s marginalisation from the unfolding geo-economic Options for India

Options for India regarding OBOR

- Firstly, the Indian Government must decide for itself whether the OBOR is a threat or an opportunity. In the case of the latter, how making use of it will largely depend on the institutional agencies the strategic objectives India is able to bring forth.
- Improve India’s border infrastructure by refurbishing border management, building new ports. Foreign corporate entities can be collaborated with by the government in order to take up infrastructure projects abroad.
- India needs to match the ambition to back the capacities that allow it to be a net security provider in the Indian Ocean region (Read about Indian Ocean Rim Association in the linked article.). For this to happen New Delhi has to overcome its habitual inability to take speedy decisions with respect to defence partnerships and procurement.

Latest Developments Regarding OBOR as of December 2019

- First Deputy Prime Minister of Russia, Igor Shuvalov in a statement made in 2015, declared that “Russia should not view the Silk Road Economic Belt as a threat to its traditional, regional sphere of influence, but is an opportunity for the Eurasian Economic Union.
- In April 2019 and during the second Arab Forum on Reform and Development, China engaged in an array of partnerships called "Build the Belt and Road, Share Development and Prosperity" with 18 Arab countries.
- Greece, Croatia and 14 other Eastern European countries are already dealing with China within the frame of the BRI. In March 2019, Italy was the first member of the Group of Seven nations to join the Chinese Initiative.
- Japan, India and Australia joined forces to create an alternative to the Belt and Road creating the “Blue Dot Network”. This project has the main motto of global infrastructural
development with the collaboration of governments, the private sector, and civil societies. Blue Dot Network is basically a grading mechanism which evaluates global infrastructure (Indo-Pacific region and around the world) based on different parameters like debt, environmental standards, labour standards, etc.

● Recently, the US joined the initiative thus renaming the alliance into the Free and Open Indo-Pacific Strategy (FOIP). President Donald Trump has begun translating the U.S. Free and Open Indo-Pacific Strategy (FOIP) into more concrete initiatives across what officials have articulated as three pillars – security, economics, and governance.

● At the end of March 2019, German Chancellor Angela Merkel and European Commission President Jean-Claude Juncker joined for talks with Xi in Paris in the company of President Macron. There, Macron exhorted China to "respect the unity of the European Union and the values it carries in the world".

● Prime Minister of Pakistan, Imran Khan, visited China on Oct 7 - 8 2019, with the main objective of reviving stalled projects of the China-Pakistan Economic Corridor.

● Due to a slight escalation in the South-China sea dispute, the United States Government slapped new economic new restrictions on certain Chinese state-owned enterprises and executives for "malign activities" in the South China Sea on August 2020. These sanctions may adversely affect several projects connected to the OBOR.