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CHINA'S SILK ROAD DIPLOMACY IN THE BAY OF BENGAL REGION: IMPLICATIONS FOR INDIA



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**Manipal
June 2021**

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**CHINA'S SILK ROAD DIPLOMACY IN
THE BAY OF BENGAL REGION:
IMPLICATIONS FOR INDIA**

**A Dissertation Submitted to the Department of Geopolitics and
International Relations in Partial Fulfilment for Master's Degree in
Geopolitics and International Relations**

Supervisor
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By
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June 2021



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Date: 15 June 2021


DECLARATION

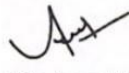
I declare that the dissertation entitled “China’s Silk Road Diplomacy in The Bay of Bengal Region: Implications for India” submitted by me for the award of the degree of Master of Arts in Geopolitics and International Relations of Manipal Academy of Higher Education is my own work. The dissertation has not been submitted for any other degree of this University or any other University.


(Sakshi Mishra)

CERTIFICATE

I recommend that this dissertation be placed before the examiners for evaluation.


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ABBREVIATIONS

AAGC	Asia-Africa Growth Corridor
ACSA	Acquisition and Cross-Servicing Agreement
AIIB	Asian Infrastructure Investment Bank
ASEAN	Association of Southeast Asian Nations
BBIN	Bangladesh-Bhutan-India-Nepal
BCIM-EC	Bangladesh-China-India-Myanmar Economic Corridor
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BRF	Belt and Road Forum
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China and South Africa
CCCC	China Communications Construction Company
CCP	Chinese Communist Party
CICT	Colombo International Container Terminal
CMEC	China-Myanmar Economic Corridor
CPEC	China-Pakistan Economic Corridor
CREG	China Railway Engineering Equipment Group Company.
CSCEC	China State Construction Engineering Corporation
DSR	Digital Silk Road
EEZ	Exclusive Economic Zone
EXIM	Export-Import
FDI	Foreign Direct Investment
FOIP	Free and Open Indo-Pacific
GDP	Gross Domestic Product
HIPG	Hambantota International Port Group
IOR	Indian Ocean Region
LTTE	Liberation Tigers of Tamil Eelam
MCC	Millennium Challenge Corporation
MEDZ	Myitkyina Economic Development Zone
MOFCOM	Ministry of Commerce
MSR	Maritime Silk Road
NAM	Non-Aligned Movement
NDRC	National Development and Reform Commission
NLD	National League for Democracy
OBOR	One Belt One Road
ODA	Official Developmental Assistance
OHCHR	Office of the United Nations High Commissioner for Human Rights
PRC	People's Republic of China
SREB	Silk Road Economic Belt
SEZ	Special Economic Zone
SLOCs	Sea Lanes of Communication
SOA	State Oceanic Administration
SOE	State Owned Enterprise
SOFA	Status of Forces Agreement
TEU	Twenty-foot Equivalent Unit

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ABSTRACT

The dissertation on the theme “China’s Silk Road Diplomacy in the Bay of Bengal Region: Implications for India” has made a modest attempt to explore and examine the intricacies of the dynamic Silk Road Diplomacy of China and monitoring the projects that fall under the Belt and Road Initiative (BRI) in the Bay of Bengal countries, namely Sri Lanka, Bangladesh and Myanmar. The Bay of Bengal region has been experiencing great amounts of development and infrastructure investments especially under the BRI. China with BRI has strived to enhance cooperation and connectivity with its Central and Southeast Asian border states that has now expanded to even Latin America and Arctic. The rationale that China explains behind the “new silk road” diplomacy happens to be its ability to secure and preserve the stability of its western borders, oil and energy supplies, and also secures its export markets. Along with that, China also endeavors to expand on its inland transport routes as an alternative for the unreliable or unstable Sea Lanes of Communication (SLOCs). The BRI for China is also a way to bridge their domestic development gap between eastern and western regions of China. Xi Jinping has made the revival of the old Silk Road a major part of his legacy.

This grand strategy of China with the help of their expansionist foreign policy aims at establishing hegemony along the Silk Route. This study aims at looking at all the major BRI projects in Sri Lanka, Bangladesh and Myanmar and the implications that these projects will have on the overall security architecture of the region. In neorealist perspective, China’s rise and increasing might will make it a worthy US opponent in the region. In the current scenario China is looking at BRI for expanding its economic growth and influence in the world so as to create an environment where China can garner greater control in Asia and balance against the influence of the USA.

While looking at BRI from a neoliberal lens, China has aided in developing a cooperation based on economic investments while involving an active participation of the local community as well. The BRI is an economic tool for China to provide mutual benefits to both parties in the existing global order. The success of the BRI has been largely in terms of economic benefits that it has largely provided to each country, mostly in the form of investments. The study also goes into details of some projects and has examined the

financial, diplomatic and strategic effects that BRI has had on both the host and investing country. One other important feature of the Belt and Road Initiative by China is its debt-trap diplomacy. This study looks at different dimensions of China's debt trap diplomacy and how the current situation stands between China and host country, especially in the case of the Hambantota Port in Sri Lanka. It explores the various arguments on the debt-trap model of BRI, while also looking at the current external debt situation of each Bay of Bengal country. China has employed different ways to provide financing for BRI, namely their domestic banks, mostly the China EXIM Bank and also the Asian Infrastructure Investment Bank.

China has created such a large impact all over the world through its Belt and Road Project. This global connectivity strives at reviving the values of the ancient Chinese civilization. But simultaneously, it is also reimagining and remodeling the old Silk Road into a much larger, wider wholesome prototype of the ancient Silk Road via new Silk Road diplomacy. However, with success comes challenges and defiance by other countries. In the case of BRI, India has been one of the largest opposition that this project has faced. India as a country believes in progress through infrastructure but not at the cost of compromising its territorial integrity and sovereignty. Along with that India is of the viewpoint that China's BRI is much more strategic in nature than it is economic. Moreover, the implications of China's BRI in the Bay of Bengal region will be heavy for India in terms of both strategic and security dimension. It is in this spirit that while India is opposed to China's BRI in the region, it can also learn from this successful connectivity model on how to establish its own developmental investment project for mutual benefits and enhanced cooperation and connectivity. With a more proactive approach, India will also be able to fill the lacunae that it experiences currently in terms of foreign direct and indirect investment especially in its immediate neighbours.

