If You Can't Beat 'em, Join 'em: Shaping India's Response to China's 'Belt and Road' Gambit

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China's 'One Belt, One Road' (OBOR) initiative is a grand plan to connect Asia, Europe and East Africa economically. However, from India's point of view, China's attempt at what it describes as geo-economic expansion appears as a geopolitical threat because of China's activity in the Indian Ocean Region (IOR). This essay assesses the extent to which OBOR is (i) realistic and achievable, (ii) a genuine threat to India and (iii) amenable to possible Indian involvement. It concludes that India should continue to be wary of its neighbour in national security terms, but has no option but to cooperate with China economically by participating in OBOR if it seriously wishes to increase economic growth and bring the 'Make in India' and Sagarmala projects to fruition. In particular, India should seriously consider allowing Chinese companies to develop one or more Indian ports with associated infrastructure and manufacturing.

Keywords: China, India, One Belt, One Road (OBOR), Indian Ocean Region (IOR), Make in India, Sagarmala

The 'Belt and Road' initiative (also called 'One Belt, One Road' or OBOR) is a clear attempt by China to change the geo-economic and geopolitical game in Asia and beyond. OBOR, as outlined by Chinese President Xi Jinping in a pair of speeches in 2013, contains two strands: the 'Silk Road Economic Belt' (SREB), intended to connect Asia and Europe overland; and the '21st Century Maritime Silk Road' (MSR), a proposed network linking the East and South China Seas with the Indian Ocean and the Mediterranean (Xi 2014: 315–24). It has been compared to the US Marshall Plan after the Second World War,

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although Chinese commentators insist that it differs in scope and intention. They claim that the aim is not for China to become hegemonic, as the US did, but for all participating nations to benefit in a win–win dynamic that will involve a far larger proportion of the world's nations than the Marshall Plan, which was restricted to assisting Western Europe in its economic recovery. According to these views, OBOR is therefore both more ambitious and less geopolitical than the Marshall Plan (Chen 2014).

In terms of India's security, it is probably the second strand of OBOR that is of greatest concern, since the MSR, if successfully implemented, would lead straight through India's 'backyard', the Indian Ocean Region (IOR). China's plan for the region has been interpreted by some analysts as an attempt to establish a 'string of pearls' consisting of strategically placed ports which could be used for both trade and military purposes (e.g., Kaplan 2013; Khurana 2008). Thus, proposed or already-implemented Chinese investment and construction in Colombo and Hambantota in Sri Lanka, Chittagong in Bangladesh, Kyaukpyu in Myanmar, Gwadar in Pakistan and Bagamayo in Tanzania would appear, at least from the perspective of a number of strategic analysts both within and beyond India (e.g., Garver 2016; Malik 2011; Singh 2016), to represent an attempt to transform the IOR into a Chinese-controlled lake full of threatening-looking bases. When other aspects of recent Chinese maritime activity (such as the acquisition by the People's Liberation Army Navy [PLAN] of a military base in Djibouti and the terraforming of a number of rocks, reefs and atolls in the South China Sea into military bases, replete with radar and runways) are added into the picture, then concerns about Chinese intentions certainly seem to be justified.

There is also no doubt that the present Indian government is intensely sceptical about China's aims in launching OBOR. India's Foreign Secretary, S. Jaishankar, is on record as stating that India perceives OBOR as a Chinese national initiative rather than an international initiative, opining that it has been 'devised with national interest; it is not incumbent on others to buy it' (quoted by Prasad 2015: 4). India's fears about China's geopolitical intentions are also clearly demonstrated by New Delhi's protest in the summer of 2016 about the proposed sale by Sri Lanka of 20 hectares of land in Colombo Port City to a Chinese company: apparently due to Indian pressure, the deal was subsequently switched to a 99-year lease despite Chinese insistence that their interest is commercial rather than military (Hu 2016). However, since India's foot-dragging and unwillingness to invest in Sri Lanka apparently caused it to miss the chance to develop Hambantota (Kasturi 2015), New Delhi has only itself to blame for the increasing Chinese presence in Sri Lankan ports: China stepped in and filled an infrastructural investment gap which India failed to fill after the conclusion of the Sri Lankan Civil War. India therefore has to learn to live with a new geostrategic reality, permitted by earlier Indian inactivity, in which China has a significant presence in the IOR.

On land the geostrategic outlook does not appear to be much better. China's SREB is projected to lead through Central Asia, Russia and the Middle East. China has, since 1996, been developing its relations with most of the Central Asian states as well as Russia via the Shanghai Cooperation Organization (SCO) and its predecessor, the Shanghai

Five, while India, limited thus far to observer status within the organisation, has sat on the sidelines. China's proposed massive investment in the China–Pakistan Economic Corridor (CPEC), intended to transport oil and gas from the Gulf states overland from Gwadar into Xinjiang, would, if realised, cut through or near disputed border regions currently occupied by Pakistan. On India's other flank, the proposed Bangladesh–China–India–Myanmar (BCIM) economic corridor appears to be problematic in terms of coordinating the interests of the four countries. In light of the long-standing border disputes (since the Sino-Indian War of 1962) in and around parts of northern Pakistan, Jammu and Kashmir, Tibet, Sikkim and Arunachal Pradesh, it is understandable that India is highly suspicious of any and all Chinese activity around its northern borders.

However, closer inspection reveals that China is probably not as threatening in the IOR as it might appear, at least in the short to medium term. Evidence suggests that China faces obvious military disadvantages in the IOR in comparison to India, mainly because of India's proximity and China's relative distance: India obviously enjoys short supply lines and nearby bases, whereas China's remoteness and lack of direct access means clear difficulties in defending its sea lanes of communication (SLOC) (Brewster 2014, 2016; Holmes 2012). China's military strategists know that any attempt at this point in time to establish military bases across the IOR would lead to overstretch, and so they are not going to be so naïve as to pursue a course of overt military domination at this stage. Of course, they are also thinking long term, and they are well aware that in the contemporary world campaigns are waged as much economically as militarily: the notion that economic factors are vital to achieving geostrategic goals was stated unequivocally in the book *Unrestricted Warfare* written by two colonels in the People's Liberation Army (PLA) at the turn of the century (Qiao and Wang 1999), and it has recently been reiterated by one of the authors, now a general and a professor at the PLA's National Defence University (Philipp 2016). Thus, both military and government planners in Beijing know that establishing economic influence throughout India's traditional spheres of influence is bound eventually to lead to political influence as well, just as it will in other world regions.

China's westwards policy shift is undoubtedly in large part a reaction to Washington's 'pivot to Asia', a 'strategic turn to the region' outlined by then Secretary of State Hillary Clinton in a 2011 *Foreign Policy* article. This also implies that OBOR is a reaction to the American-led Transpacific Partnership (TPP), and that Beijing sees its move west as an attempt to develop a counter-strategy to what it perceives as American interference in its own backyard, the Pacific region (Bhoothalingam 2016: 49). Feeling pressured from the east, Beijing has turned west. China's IOR activity is not therefore necessarily meant as a direct attempt to threaten India, but rather as a means to ensure China's own long-term geo-economic security in terms of the IOR's vital SLOCs, through which the majority of China's oil supplies pass, as well as huge amounts of freight. India would do well to take more account of China's insecurities, just as China needs to take better account of the reasons why India feels threatened (Brewster 2016: 7–10; Garver 2016: 59–60). In short, it is clear, as former Indian Foreign Secretary Shivshankar

Menon has emphasised, that both sides need to change their attitudes towards and perceptions of the other side and adopt a more cooperative stance if escalation and threats to security in the IOR are to be avoided (Menon 2016).

As far as India is concerned, this means that India needs to think carefully about its approach to China's geostrategic and geo-economic shift westwards (as represented, at least in part, by the OBOR initiative). The purpose of this article is to suggest that India needs to take a dual approach to China, based on the contrast between strategic and economic imperatives. The two should be seen as interconnected and interdependent, but at the same time if they are addressed as discrete spheres of action this permits a two-pronged approach to China policy.

On the strategic front, in line with the pessimistic but sage conclusions reached by the realist school of international relations, New Delhi would be wise to continue to carefully weigh up the extent of China's threat, and to take appropriate measures to ensure the nation's security, just as it has been doing up to now. Realism posits that, in the absence of world government, power struggles are inevitable and individual states have no option but to resort to self-help strategies in the anarchic international arena (Mearsheimer 2001; Waltz 1979). China's expansion into the IOR therefore leaves India with no option but to prioritise the safeguarding of its security by whatever means necessary, as a large number of analysts have indicated (e.g., Bastos 2014; Bhaskar 2010; Brewster 2016; Prathibha 2015; Singh 2016; Wagner 2016). However, security concerns can be compartmentalised and set on one side for the purposes of the present analysis, since a continuation of the current cautious government policies in this area is to be recommended, and the issue is therefore relatively clear-cut.

Of more interest is the issue of improving economic growth, which in India's case, as the Singh and Modi governments have recognised, demands better utilisation of the potentially massive Indian workforce and improvements in infrastructure and the manufacturing base. On the geo-economic front, India should take account of the liberal internationalist theory of complex interdependence developed by Keohane and Nye (1977), which suggests that non-zero-sum (or win–win) economic results can be obtained through cooperation between nations on trade and investment. This theory, which emerges from free market economics and includes the idea that the world economy is interlinked transnationally through corporations and other institutions, implies that New Delhi, for the good of the Indian economy, should evaluate how to react to the rapid international expansion of Chinese companies in a constructive rather than a fence-sitting or negative manner. The lack of proactive OBOR policy on India's part and the need to 'grasp the OBOR nettle and turn it to its own advantage' (Uberoi 2016: 39) has been noted by both Indian and Chinese observers (Bhoothalingam 2016; Zhu 2016). India ought to undertake to find ways to participate in or at least ride the coat-tails of China's initiative for fear of being left behind economically. In recent years, China has been negotiating bilateral trade agreements with a growing band of partners, and is now beginning to find ways to incorporate these into the overarching framework of OBOR. This demands a fresh, constructive approach to the OBOR initiative, and means accepting, whether reluctantly or enthusiastically, China's invitation to be a part of it.

Thus, the first question this article sets out to answer, having (as stated in the previous paragraph) put the legitimate security concerns of the Indian government and many analysts to one side for the time being, is whether OBOR, when combined with other Chinese-led initiatives such as the SCO, the Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund, and the '16+1' annual meetings of China and 16 nations in Central and Eastern Europe, constitutes a genuine game-changing geo-economic strategy with real-world consequences, or just empty rhetoric. In other words, assuming that China's primary intention with the initiative really is to create a new trade and transport network linking Asia with Europe and East Africa, to what extent is it feasible? In addition, if the OBOR-centred group of China-led initiatives could be capable of changing the rules of Asian, Eurasian and Asian–African economic and political interaction, how, in terms of specific policy decisions, should India react? This article sets out to demonstrate, via a concise analysis of China's IOR and South Asian investment and infrastructure projects, the necessity for India to develop clear-sighted, well-thought-through policies and strategies in relation to China's moves in a potential new great game, and to realise them by developing an active, constructive approach to a potential new China-led reality of regional geo-economic transformation with likely long-term geopolitical implications.

EVALUATING OBOR

China's Belt and Road initiative is not at all a clear-cut phenomenon. In fact, one of its most obvious weaknesses, pointed to by numerous scholars, is its perceived vagueness (Brown 2015; Kuhrt 2015; Szczudlik-Tatar 2015). This is mainly the result of unclear or unsuccessful communication concerning the aims and scope of OBOR on the part of the Chinese government and state media. Xi Jinping's speeches tend to come across as lacking in substantive content, with extensive rhetoric about abstract concepts (such as the 'Chinese dream' and the 'Four Comprehensives') which are hard for English-speaking audiences to understand or sustain interest in (Xi 2014), while Chinese state media outlets are hobbled by their obvious lack of credibility due to perceptions of being under the control of the Chinese Communist Party (CCP).

On the other hand, in practical, ground-level terms, the story is different. Since a number of specific infrastructure projects have been completed or are being worked on under the OBOR umbrella, the initiative would appear to be not at all as 'nebulous' (Szczudlik-Tatar 2015) or 'undefined' (Kuhrt 2015) as both Xi Jinping's speeches and some commentators suggest. For instance, port construction by Chinese companies is ongoing in Hambantota, Gwadar and Colombo Port City. The Chinese docks and cranes immediately obvious to even the casual observer of photographs do not support suggestions of vagueness. Three natural gas pipelines from Central Asia are already running into Xinjiang. Infrastructure is being built in East Africa, with construction having started on a railway in Kenya between Nairobi and Mombasa (Parke 2016) and a port at Bagamayo in Tanzania (Léautier et al. 2015), as well as dams being built in Sudan, Zambia, Ethiopia and Mozambique.[1] Large amounts of Chinese cash have been put forward for investment, including US$40 billion in the Silk Road Fund. All of these very visible results of the Chinese overseas development within the OBOR framework suggest real-world intentions with very specific end results, which tend to refute suggestions that the initiative lacks concrete goals in terms of improving connections between selected countries through infrastructure and trade networks.

Another criticism could be that OBOR is overambitious and incapable of effective realisation due to numerous limiting factors. Certainly, achieving the goals set by President Xi is going to be very demanding on Chinese resources, particularly in terms of financing. It is also going to test to the extreme the ability of Chinese diplomats and businessmen to navigate the intricacies of language, culture and law in the 64 countries officially selected as constituting the new network. Indeed, on these grounds, Gao Xiqing, the former president of the China Investment Corporation (CIC), expressed pessimism about OBOR's prospects and a preference for carefully formulated bilateral trade agreements at a debate on the Transatlantic Trade and Investment Partnership (TTIP) in Prague in July 2016. In short, the fact that China is having to adapt on the fly to doing business in a range of unfamiliar and culturally different environments such as Central Asia, Europe, the Middle East and Africa, not to mention South Asia, without many of its business people having a solid foundation in either international or local business norms, is likely to prove a major impediment to the attempt to link all these very different countries in an integrated trade environment under Chinese leadership.

Furthermore, the inherent mistrust many people around the world have of China's intentions will tend to exacerbate the obvious potential for culture gaps and communication breakdowns to develop in China's interactions with the rest of the world. That this is a very real danger to the successful realisation of the OBOR 'China dream' is evidenced by the high-profile collapse in 2011 of a Chinese highway-building project in Poland due to misunderstandings over financing, local law and business culture (Areddy 2012). The collapse in 2016 of plans for a Chinese-constructed railway connecting Bangkok in Thailand with Nong Khai near Laos due to the Thai refusal to concede land rights to the Chinese is another indicator of the probability of bumps in the New Silk Road (Anstey et al. 2016). Suspicions concerning Chinese intentions also swirl around some of China's port-building initiatives: misgivings about Chinese involvement, not least on the part of India, have led to the cancellation of the Sonadia project in Bangladesh (Bagchi 2016) and delays and re-evaluations of the Colombo Port City project by the Sri Lankan government (Shepard 2016).

[1] See https://www.internationalrivers.org/campaigns/chinese-dams-in-africa.

In Greece, similar misgivings persist among local workers concerning the purchase by a Chinese shipping company of a 66 per cent stake in the port of Piraeus despite the endorsement of the sale by the Greek government (Koutantou 2016). In short, China's lack of soft power when compared with the USA, or even with India (which enjoys the considerable advantage, in Western eyes, of being a parliamentary democracy), is not an asset in pushing through its geo-economic and strategic goals in the IOR and on the global stage.

Amid all these clear obstacles to OBOR's success, why then should India and others invest time, energy and money in what appears to be an over-grandiose project with a fairly low probability of being realised in the form in which it has been presented?

First of all, like other East Asian economies such as Japan and South Korea, China has a good track record of pulling off what appeared to earlier observers to be improbable pipe dreams. Since 1978, according to World Bank statistics, over 400 million people have been raised out of poverty, chiefly by accepting a large amount of foreign direct investment (FDI) to stimulate an export-led economy (Kroeber 2016: 14). Shenzhen was transformed from a fishing village into a global trade and financial hub within two decades after being given the status of a special economic zone (SEZ) (Xie 2000). In little more than a decade, China has constructed the largest high-speed rail network in the world, reaching even Tibet. Beyond China's borders, Chinese companies have already rapidly transformed several ports, such as Piraeus in Greece and Hambantota in Sri Lanka, into ever-expanding trading hubs. Chinese overseas investment ballooned in 2015 and continued to increase exponentially in the first half of 2016 (He 2016). There are therefore indications that China's ability to realise the OBOR vision, at least to an extent, may be a distinct possibility, if not yet a probability.

In addition, OBOR is backed by the resources of the world's second largest economy, which also happens to be the world's growth engine at the present time. Although GDP growth has slowed in recent years from around 10 per cent to a mere 6 to 7 per cent annually, indicating problems with the transforming economy amid a general global slowdown, it is still higher than any of the developed countries, meaning that China is certain to have still more resources in its grasp within the next decade. It therefore seems intuitively unwise not to back an emerging regional and global power of such size even if the prospect of it fulfilling its projects sometimes seems unlikely.

Arguably, despite potential pitfalls and the objections of the Indian foreign ministry, OBOR is also the only game in town in terms of a vision of establishing improved Eurasian and East African trade networks via infrastructure investment and construction. Neither the USA nor the EU has come up with any comparable scheme: in fact, the EU now appears to be playing catch-up with China via the Juncker investment plan. The United States' flagship policies, the TPP and the TTIP, are trade agreements rather than infrastructure development projects, so do not have the same scope; and China at any rate is already involved in the Regional Comprehensive Economic

Partnership (RCEP), which is a similar proposed free trade zone for the Asian region. Although it is true that Japan has been quietly investing in infrastructure across Asia, it is not doing this on the same scale or with the same ambition as China. China's aims, although grand, represent a vision of trade connectivity, based on specific construction and the development of ports, railways, roads and other infrastructure, which does not at present have a global rival.

HOW SHOULD INDIA RESPOND?

A number of commentators have proposed that India should be more active and accepting of geo-economic cooperation with China rather than seeking alliances against it (e.g., Ding 2016; Menon 2016; Zhu 2016). Notable among these are urgings from state media closely connected to the CCP, in particular *Global Times* (Ding 2016. This implies that the Chinese government is strongly in favour of India opening up its economy to Chinese enterprise. Obviously, for the Chinese, the huge size of the Indian domestic market is an enticing proposition. The question for India is whether it is likely to benefit from Chinese investment, and if so how.

India is pursuing its own economic stimulus programmes, so some would argue that it does not need to be involved in OBOR. Prime Minister Modi's 'Make in India' initiative, for instance, is intended to encourage domestic manufacturing and exports. In 2015 came the Sagarmala initiative to develop India's ports. Both of these initiatives appear to build on the SEZ policy first announced in 2000 and passed into law via an Act in 2005 in order to improve infrastructure and fiscal regimes, and also to 'attract larger foreign investments in India'.[2] By 2007, 439 SEZs had been formally approved in 22 states (Shah 2009: 432). Thus, at first glance, it seems that India is making progress without the need for more extensive economic cooperation with China.

On the other hand, closer inspection reveals that India's efforts to jump-start manufacturing may not be as coordinated as they could be. Further, the SEZ policy and 'Make in India' initiative have thus far not attracted as much Chinese input and investment as they could have. This appears to be due to India's understandable instinct to keep China at arm's length due to wariness about its geostrategic intentions, particularly in view of Beijing's close cooperation with neighbouring Pakistan. There is also a preference for attracting and depending on investment from Japan rather than China (Chaudhuri 2016). However, sitting on the fence with regard to OBOR means that India is in danger of watching everybody else's boats being floated while its own remains in dry dock. The solution, perhaps, is to dip a toe or two into the waters to test the temperature, while still keeping a lookout for sharks and other marine nasties. Indeed, this is what some other countries have been doing.

[2] According to the official website of the Ministry of Commerce and Industry of the Government of India, available at: http://www.sezindia.nic.in/about-introduction.asp.

The best policy for India to pursue may very well be one of 'if you can't beat 'em, join 'em'. India has little chance of outdoing China in terms of geo-economic clout in the IOR and 'is many years away from being the predominant power in the region' (Brewster 2016: 6), so it would seem wise to hitch its 'Make in India' initiative to the China boat by inviting Chinese companies to invest in domestic projects. One possibility is to start with a single major port development using Chinese capital and know-how, just as other countries have done, hoping to kick-start their economies with a mega-port and surrounding developments. This can easily be encompassed within the Sagarmala project. Port facilities, factories and road and rail infrastructure go naturally together, and Chinese companies are expert in financing and constructing all of these. By virtue of an Indian port becoming part of the 'string of pearls', the feeling of possible threat and encirclement which negatively influences Indian thinking about China and prevents cooperation could be defused. In addition, China has industrial overcapacity at present and has deep pockets. India ought to capitalise on the situation, for instance, by encouraging a major joint venture with one or more of its own companies. Since Sagarmala allows FDI of up to 100 per cent, there is no legal obstacle to Chinese investment in an Indian port on any scale that the Indian government might perceive as appropriate.

China's track record in port development is considerable. One specific example of a successful port-building project by a Chinese company is the Greek port of Piraeus. Since COSCO became involved in the container port in 2008 by developing an existing pier and adding a new one, throughput of containers has increased exponentially, from 685,000 containers in 2010 to 3 million in 2015 (*China Daily* 2016). Thanks to a newly built railhead, Piraeus is now becoming a logistics centre for companies such as Hewlett-Packard, Sony and Huawei, whose goods can be transported by rail in containers to Central Europe (Hope 2016). There is also a plan to construct a high-speed rail link to Hungary via Macedonia and Serbia in order to shorten transit times, with the Budapest to Belgrade section to be built first (Vasovic 2014). In essence, Chinese involvement has transformed what was a moribund port into one of the top ten container ports in Europe, with more growth likely.

A historical example of the potential for national growth to be stimulated by investment obtained from a rival and concentrated on a single port is the case of South Korea in the 1960s and 1970s. After seizing power in 1961, President Park Chung-Hee concentrated the limited funds at his disposal in developments in his home province, North Gyeongsang, 'in order to give his regionalist ruling coalition a solid financial base' (Kim and Park 2011: 272). This concentration of effort, at the outset politically motivated while constrained by the priority of utilising the very limited amount of financing at Park's disposal to the best possible effect, enabled the port of Pohang, home to the POSCO steel company, which is now the world's fourth largest steelmaker, to grow rapidly. This made South Korea self-sufficient in steel and stimulated the overall economy, enabling the nation to emerge from extreme poverty in the wake of the Korean War (1950–3) to become a developed economy in just a few decades, a remarkable transformation which is termed 'The Miracle on the Han River'. The growth of the steel industry focused on Pohang stemmed from Park's insistence on its development, which he pushed through despite the fact that the World Bank advised against dedicated steel production in developing countries, deterring investors. Park also persuaded the founder of Hyundai to enter the shipbuilding market despite his reluctance. Shipbuilding was based on the use of domestic steel made by POSCO and both industries began to boom from 1973 onwards. Today Hyundai is one of the world's biggest shipbuilders (Chang 2010: 129).

Since the USA and other nations refused to provide investment capital, both the funding and the expertise required for the founding of POSCO were obtained from Japan, South Korea's traditional enemy and a nation with which relations have been strained since Japan's colonisation of Korea between 1910 and 1945. Even then, since under the advice of the World Bank nations and corporate lenders were unwilling to invest in what was deemed to be a foolish project, the only funds Park could access were Japanese war reparations, which he persuaded the Japanese to put into the development of POSCO (Chang 2010: 128). Prior to 1968, South Korea had had no modern steel plants and its per capita GDP had been among the lowest in the world, while its shipbuilding industry had also been non-existent. After beginning production in 1973, by 1981 the World Bank was calling POSCO 'the world's most efficient producer of steel' (Rhyu and Lew 2011: 324), and observers in Japan were left wondering whether they had undermined their own steel industry by playing a role in developing South Korea's (Rhyu and Lew 2011: 342). Park's actions, although controversial, brought about the transformation of the nation from a poor developing country in the 1960s to a rich developed one by the end of the twentieth century. This was achieved by investing FDI obtained from a traditional rival into a single large project (steel production) based on a port (Pohang) and a single company (POSCO) (Rhyu and Lew 2011).

India's situation in the second decade of the twenty-first century is, of course, different to South Korea's in the 1960s, since India has already made strides towards becoming a major economy. However, the development process has not progressed as rapidly as the government would like. An ongoing attempt, beginning in the year 2000, to stimulate the economy by copying China's success with setting up SEZs has not borne much fruit, and, unlike China's success, particularly in developing Shenzhen from a fishing village into a major economic hub, has stalled. The reasons for this are open to debate, but appear to revolve around the following two points: (i) too many small SEZs were set up (415 approved SEZs and 205 operational, according to the Indian government's own information), often based on just one company; (ii) companies acquired SEZ status for tax avoidance purposes rather than out of a genuine intention to create a trade and investment hub with a broader remit. Regarding the first point, India seems to have missed the point of SEZs by permitting too many of them to be set up, rather than focusing resources on a few major hubs, as China did (China developed just six SEZs, three of which were centred on Guangdong province).

Regarding the second point, better administration of SEZs would appear to be needed. Overall, the scheme stalled because of a lack of clear focus and muddled application of the principle of SEZs.

In short, a project, whether it be called an SEZ or something else, focused on developing a single Indian port using Chinese investment and infrastructure know-how could be a good move. Chinese expertise could be used to benefit India, and the focus on one specific geographical location could bring massive benefits to Indian manufacturing, trade and investment, just as it did in Shenzhen, Pohang and Piraeus.

Another way in which India could participate in OBOR is for Indian companies to seek to invest in Chinese projects in the IOR and elsewhere, even if only on a very small scale. Being part of Chinese developments could help gradually to diffuse Indian security concerns, but also bring benefits to the companies involved if some of the Chinese projects begin to take off commercially. It would also provide some evidence of tentative good will towards China and a desire to participate rather than simply glowering ineffectively from the sidelines. Rather than sitting back and watching OBOR and the 'string of pearls' take shape without it, or seeking to undermine Chinese projects such as Colombo Port City, India should be aiming, for strategic reasons as much as anything else, to be involved in it in whatever way possible, even if on a relatively modest scale. Ports which China is involved in developing are possible venues for Indian investment: even very modest input could help to defuse geostrategic tensions in the IOR while potentially benefitting Chinese companies in the long run.

Of course, given the fact that India and China have been competing rather than cooperating on projects up to now, finding a way to work together even in a modest way is not likely to be easy. Probably, some initial confidence-building will be necessary through talks and testing the waters via one or two specific projects. The planned BCIM economic corridor would seem to offer an ideal opportunity for Sino-Indian cooperation, but so far it appears to have been difficult to find ways to overcome mistrust. In addition, India for a long time 'was perceived to be dragging its feet' (Aneja 2015). Yet building integrated transport infrastructure to connect the four countries under the BCIM label is clearly not going to happen without India and China working together. Brazil, Russia, India, China and South Africa (BRICS) is another format within which Sino-Indian joint investment projects could take place, particularly since they are both major contributors to the New Development Bank (NDB), but which thus far does not appear to have been as fruitful as it could have been in terms of encouraging Sino-Indian cooperation. Given that trust is low and it looks difficult to create new initiatives within which India is willing to work with China, the best opportunity for constructive cooperation may be for joint ventures on specific infrastructure-building projects within the already-existing frameworks of BCIM and the NDB. The fact that China's largest high-speed train manufacturer, China CRRC Corporation, began operating its first joint venture plant in India in August 2016 provides evidence that Sino-Indian cooperation on infrastructure projects may be possible (Xinhua 2016).

A third approach to finding face-saving ways for India to participate in OBOR despite the obvious reluctance of the foreign ministry to join the China-led initiative is to recognise, as some have done, that India's English-language skills and soft power are on a higher level than China's. These ought to be major advantages which can be used to leverage OBOR and enable India to work to improve its regional and global position while riding on the coat-tails of China's rise for the time being. As an op-ed in China's *Global Times* puts it: 'the complementary features between China and India are very obvious as China is good at providing investment and technology while India has been doing well in people-to-people interactions' (Zhen 2016).

In fact, at present, India's advantages over China in this area are at present being somewhat squandered, particularly beyond India's immediate neighbourhood. Most countries are inclined to be more sympathetic to India than to China, given that India has a Western-style democracy, free media outlets and a large number of proficient English speakers, plus a culture based on Hinduism which is attractive to many in the West. Yet Indians in their interactions with other countries sometimes do not do enough to use these plus points to the benefit of their nation: for instance, at a round table discussion on BRICS in Prague in 2016 the representative from the Indian embassy adopted an aggressive, hectoring tone, taking issue with a local expert who had been mildly critical of Indian policy in the Czech Republic. This contrasted markedly with the smooth speech of the Chinese representative, who sought to emphasise warming Sino-Czech relations (Turcsanyi 2015). Afterwards, in private conversation, Czech scholars expressed bewilderment at the Indian approach. *Faux pas* like this do not do much to promote India's cause, and India therefore needs to adopt a clearer policy on promoting its business and trade around the world by utilising its existing soft power advantage instead of wasting it.

CONCLUSIONS

The recommendations of this article are two. First of all, it is clear, as realists suggest, that New Delhi is right to continue to be wary of China's activity on the security front and keep pursuing policies of cautious containment; but second, it is also necessary, as some commentators (e.g., Menon 2016; Zhu 2016) have noted, for India to be actively involved with its geopolitical rival China on the economic front in order to boost manufacturing, infrastructure and jobs within the 'Make in India' and Sagarmala projects to a greater extent than is happening at present. This means looking beyond the understandable mistrust circulating at high levels of the government and military, and accepting China's invitation to participate in OBOR by self-interestedly working out some ways to cooperate with China that are most likely to benefit India. It is the contention of this article that three possibilities for doing so present themselves:

(i) inviting China to invest in at least one major port development; (ii) encouraging Indian companies to invest in Chinese projects around the IOR; and (iii) offering Indian skills and soft power leverage in support of some Chinese projects in order to create win–win synergies for all sides involved, not least for India itself.

In the end, India has an opportunity, like a bold matador, to seize the OBOR bull by the horns instead of just watching from the stalls as it rampages through the IOR and the wider world without any positive Indian input. New Delhi needs to recognise that China's rise to a position of regional and global economic pre-eminence is likely to continue and that India therefore needs to find ways, whatever ways it can, to benefit from it by using OBOR to encourage Indian industry and to create jobs. This can also serve the purpose of keeping an eye on China from a position of greater strength, that is, from the inside. Sitting on the outside, looking on while others benefit from China's rise, is not going to be a smart policy in the long, medium or even short term. In short: if you can't beat 'em, join 'em.

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