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***India and China:  
Time to Hit a Right Note on the New Silk Road***

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**Introduction**

The yearning for greater integration with Central Asia has resulted in the quest for reinventing the old trade route known as the ‘Great Silk Route’ and creating a modern-day version of the same – the New Silk Road. The origins of the Great Silk Road can be traced back to the second half of the second century BC, when the Chinese diplomat and spy Chjan Tzyan originally introduced his compatriots to – an unexplored part of the world – Central Asia. The route existed till the sixteenth century AD, having a total length of about 7,000-km. The Silk Route was named so, because the first item traded on it was Chinese silk. Later, other goods such as jewellery, glass and iron were also added to the list of items.

Off late, there have been multifarious efforts put by the European Union, United States and China to seriously revive the Great Silk Road.<sup>1</sup> A revival of the Silk Road was first mooted after disintegration of the Soviet Union in 1991 by the European Commission, though later, the lead was taken by the U.S., which has actively sought assistance from other countries, especially India in taking its agenda of reviving the Silk Road further. The Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline is a case in point, which is one of projects taken up to include in the U.S. ‘New Silk Road’ initiative. This initiative was introduced by the former U.S. Secretary of State Hillary Clinton on the side-lines of the UN General Assembly in September 2011.<sup>2</sup> While introducing this initiative she said:

Turkmen gas fields could help meet both Pakistan’s and India’s growing energy needs and provide significant transit revenues for both Afghanistan and

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Pakistan. Tajik cotton could be turned into Indian linens. Furniture and fruit from Afghanistan could find its way to the markets of Astana or Mumbai and beyond.<sup>3</sup>

But soon the allegory of a “New Silk Road” was picked up by China from here through Turkmenistan, wherein the beginning of delivery of natural gas was started from Turkmen gas fields, originally planned to be fulfilled by the U.S. backed TAPI gas pipeline. With its plan to switch over from dirty fossil fuels like coal to natural gas and to reap the geographical advantage it had in Central Asia, China has imported large amounts of gas from this region, particularly from Turkmenistan’s Galkynysh field. China, which received 25 billion cubic meter (BCM) of gas in 2014 has planned to raise this volume to 65 BCM by 2020.<sup>4</sup> So far three pipelines are pumping natural gas from Turkmenistan to Xinjian while a fourth is under construction.

But interestingly, China’s march towards the New Silk Road has started to face some challenges too including the need for Turkmenistan to diversify its exports beyond China and security challenges which China has started to face on its infrastructure investments in Central Asia on a consistent basis.

### **Evolution of the New Silk Road**

While the origin of the revival of the New Silk Road could be linked to disintegration of the Soviet Union in 1991, it can actually be traced back to as early as 1959, when The United Nations Economic and Social Commission for Asia and Pacific (UNESCAP) regions initiated a project named Trans-Asian Railways (TAR) (Figure 1) as a component of The Asian Land Transport Infrastructure Development (ALTID), which aims to connect New Delhi with Kazakhstan, Turkmenistan and extending till Moscow.<sup>5</sup> The progress of this project was stalled during the Cold War and later formalised by the Trans-Asian Railway Network Agreement, also known as the ‘Iron Silk Road Project’ in 2006.<sup>6</sup>

The revival of the ancient route, as aforementioned, was again mooted by the European Commission in 1991, soon after the disintegration of the Russian Federation. Serious efforts for giving a push to the project began in May 1993 with the Brussels Conference. The proposal to create the Transport Corridor Europe-Caucasus-Asia<sup>7</sup> (TRACECA) was also supported by the United States, along with the European Union. The member countries then allocated €15 million towards the trade and transport project. The countries participating in this project were Azerbaijan, Armenia, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkmenistan, Turkey, Uzbekistan



Source: UNESCAP

**Figure 1: Trans Asian Railway Network**

and Ukraine to cover the areas such as maritime transport, aviation, road and rail transport security and transport infrastructure under its cooperation framework.<sup>8</sup>

After the Cold War in 1994, the then Chinese Prime Minister, Li Peng, during a visit to Central Asia declared that, *it was important to open up a modern version of the Silk Road.*<sup>9</sup> This is considered to be the beginning of the Chinese version of the ‘Great Silk Road’.

### **Different Versions of the New Silk Road**

The various versions of the New Silk Road or for that matter, the Silk Road Initiatives, particularly after the post-Soviet Union era, have both economic and geopolitical implications, not only for the countries, which have initiated this idea but also for those nations which are/or would be a part of this robust infrastructural trans-national network.

All these countries stand to substantially gain from the infrastructural development, from road, rail network, and power lines and even through the gas pipelines such as TAPI or any other such futuristic energy corridors. These

initiatives are expected to give a fillip to the economies of all participating countries.

Almost all the initiatives connect Central Asia with Eurasia and such initiatives should be looked through the twin prisms of global geopolitical and economical strategies of the consensus as opposed to the ‘New Great Game’ idea which is rhetorical to bring in the zero-sum game.

It would be appropriate now to look at the efforts by regional groupings and countries for the promotion of the New Silk Road, in the aftermath of two important events – the disintegration of the Soviet Union in 1991 and 9/11 terror attacks.

### **The Initiatives Post-Soviet Disintegration**

*Initiatives of the European Commission:* The first serious move for the revival of the Great Silk Route came from the European Commission in 1991, when the Commission spoke about its desire to create TRACECA<sup>10</sup>, primarily a Central Asian and Caucasus initiative. The project was further discussed at the Brussels Conference in 1993. Later in 1998, a Basic Multilateral Agreement (MLA) was signed at the TRACECA Summit in Baku for the “Restoration of the Historic Silk Road, of which both Iran and Afghanistan were also signatories, later in 2005, while Turkmenistan was a participant. In 2000, the TRACECA Intergovernmental Commission was set up in Tbilisi. TRACECA has also been dubbed as the renaissance of the Great Silk Road.<sup>11</sup> Currently, besides new infrastructural development, simultaneous rehabilitation of the existing roads, railways, bridges and ports are in progress.

The next major initiative, which some observers have termed as the “Silk Road of the 21<sup>st</sup> Century”, is the Baku-Tbilisi-Ceyhan (BTC) pipeline which seeks to promote energy transport. This 1,768-km oil pipeline, transports one million barrels of oil per day connecting Azeri-Chirag-Guneshli fields in the Caspian Sea to the Turkish port of Ceyhan on the Mediterranean Sea.<sup>12</sup> The pipeline runs through Azerbaijan (443 km), Georgia (249 km) and Turkey (1076 km).<sup>13</sup> The building of the Baku-Tbilisi-Ceyhan pipeline constituted a strategic milestone in post-Soviet Eurasia.<sup>14</sup>

It is worthwhile to mention that the European Commission Strategy Paper (1999), while specifying the common problems and challenges of Central Asia, clearly spelt out the objectives of the European Union (EU) in supporting the Central Asian Republics (CARs) and also making more sustainable use of the natural resources including oil and natural gas of Central Asia.<sup>15</sup> This resulted

in the European countries taking a keen interest in the Multiple Pipeline Policy<sup>16</sup> as the most important source of infrastructural development in this region. The major objective of this policy was to provide alternative routes to export energy resources, thereby diversifying the markets for their products.<sup>17</sup>

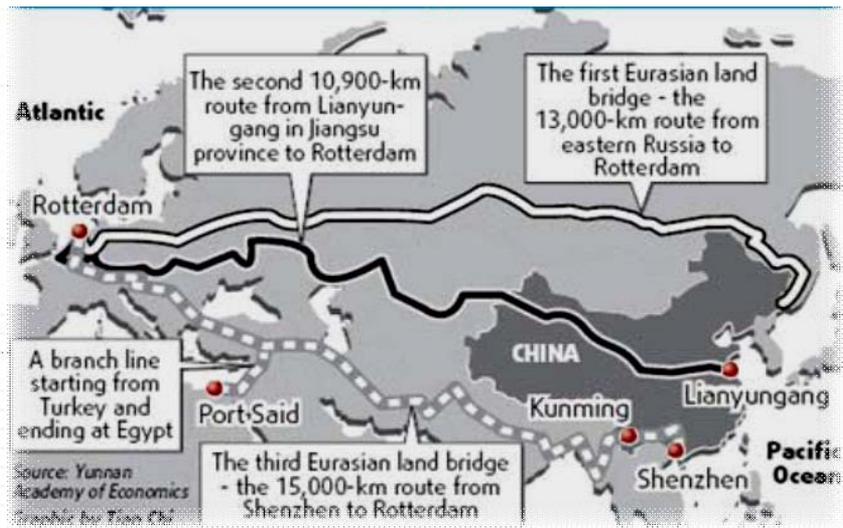
*Initiatives by the US:* The U.S.'s commitment to the restoration of the Silk Route is enshrined in the U.S. Silk Road Strategy Acts of 1997, 1999 and 2006. The year 2006 report was amended after the 9/11 terror attacks in the U.S. In the earlier Silk Road Acts of 1997 and 1999, the US policy was to promote friendly and economic ties with the South Caucasus and Central Asia while keeping intact their business interests in the region. Assisting in their infrastructural development, transport, energy and trade in the East-West axis were high on the US policy agenda.<sup>18</sup> Congress findings also laid stress on the creation of an open market in this region, which highlighted international private investment, increased trade and commercial interactions with other parts of the world.<sup>19</sup> The US came out with the revised Silk Road Strategy Act of 2006, which took into account the post 9/11 geo-political developments in these regions, besides modifying the term 'Central Asia and the South Caucasus'<sup>20</sup> by incorporating Afghanistan.

Through its 2006 Silk Road Act, the U.S. articulated the need for strengthening trade relations with energy-producing and energy-transporting states in the region to provide its access to diversified energy resources, thereby strengthening energy security not only for the U.S. but also for developed and developing countries and to ensure future U.S. influence in Eurasia. The support extended to TAPI also fits in to this U.S. objective. Senior Advisor in the State Daniel Stein at the 7th Asian Gas Pipeline Summit held in New Delhi on 23 March 2012, thus stated: "TAPI has fitted well into the U.S. government's Eurasian energy policy meant to assist Europe and Asia in their quest for energy security."<sup>21</sup>

The U.S. has also supported or funded various infrastructural projects, be it the TAR project or the TRACECA project, West European countries' MPP or even the TAPI gas pipeline, which clearly reiterates its strategy towards the CARs; bolstering infrastructure development for the augmentation of private investments across the globe and preventing any country from establishing a monopoly over the energy resources and energy transport infrastructure in Central Asia and South Caucasus, that may restrict its access and the access of other countries to energy resources.<sup>22</sup>

*Initiatives by China:* The Chinese concept of the New Silk Road is clearly different from the Western concept, which largely reflects its own historical

linkages with Central and South Asia which takes into account the political and economic dynamics in these regions. The Chinese have strategies in place to rebuild this ancient artery,<sup>23</sup> which connects China to Europe through the Eurasian Land Bridge, across the Eurasian Continent. The UN engineered the TAR agreement, but China has done more than any other nation to re-forge trade and transport links and re-establish the Silk Route. Therefore, while in 2006 the U.S. introduced its Silk Road Strategy, it was in 2004 an issue of *China Daily* mentioned China's New Silk Road Strategy, through the Eurasian Continental Bridge (Figure 2), linking continents through rail. Accordingly, the new Eurasian Continental Bridge connects Lianyungang to the port of Rotterdam in the Netherlands, while covering 4,131 km. The 2004 issue of *China Daily* also speaks about newer approaches of forming the bridge, which would be in the air, with the use of nine international flights in 44 airports in this route.<sup>24</sup>



Source: Yunan Academy of Economics, "Third land link to Europe envisioned", *China Daily*, 02 July 2009.

**Figure 2: Three Main Eurasian Land Bridges**

*The China Daily*,<sup>25</sup> in fact proposed three main corridors across the Eurasian continent, serving three main arteries from which subsidiary rails, highways and pipelines will be built. The first was based on the existing 13,000-km Trans-

Siberian Railway route which connects Eastern Russia to Rotterdam, i.e. Trans-Siberian Railway running from Vladivostok in Eastern Russia to Moscow and connecting onto Western Europe and Rotterdam. The second route of 10,900-km should start from Lianyungang port in Eastern China move through Kazakhstan in Central Asia and end at Rotterdam, while the third proposed route, which is 15,000-km would start from port cities in the Pearl River Delta, including Shenzhen, travel west to Yunnan province, through Myanmar, Bangladesh, India, Pakistan, Iran and Turkey, cross Europe and end at Rotterdam in Netherlands, stretching through 17 countries.<sup>26</sup>

In 2011, China conducted a test run of the 2nd corridor of the Eurasian Land Bridge. According to Shen Dingli, professor of International Studies at the Shanghai-based Fudan University and Executive Dean of its Institute of International Studies, “this bridge can help in breaking international and regional logistics barriers, as the country’s Western regions would immensely benefit from this new route.”<sup>27</sup>

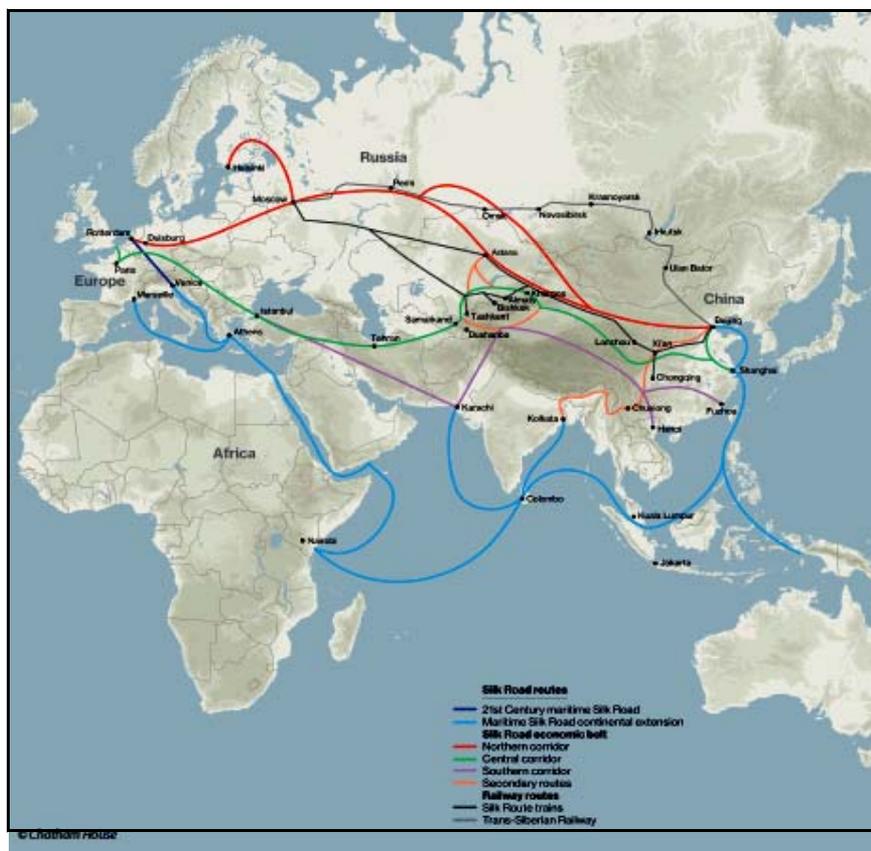
*The Belt and Road Initiative:* The ‘Belt and Road’ Initiative was first presented by Chinese President Xi Jinping in his keynote address at Kazakhstan’s Nazarbayev University in the fall of 2013. The Belt and Road Initiative being one of the top national strategic priorities of the Chinese government, is the combination of the Silk Road Economic Belt, the overland route through Central Asia to Europe and the 21st-Century Maritime Silk Road through South and Southeast Asia to Middle East. Also, known as ‘One Belt, One Road’ (OBOR) (Figure 3), it has laid out priorities such as policy coordination, facilitating connectivity, unimpeded trade, financial integration and people-to-people relations under its broad initiative.<sup>28</sup>

To finance this initiative, China has introduced two financial instruments namely the Asian Infrastructure Investment Bank (AIIB) and \$40 billion Silk Road Fund which will facilitate laying the foundations of the new transport infrastructure namely, roads, rail lines, pipelines, and ports.

Through this initiative, China wants to continue with its outbound investments’ flows (outward FDI), but with a slight shift from the original natural resources to high technology and consumption-oriented sectors as a part of its economic transformation process. These efforts are also directed towards diversifying their outbound investments which earlier was confined to the natural resources and mining sectors only. Thus, the idea of OBOR is a symbolic shift in China’s “going out” strategy while aligning with its efforts towards economic transformation.

Thus, the implementation of OBOR will not only help improve infrastructure access and interconnectivity of neighbouring countries and regions along these routes but will also bring new development opportunities for outbound investments in three key sectors namely, infrastructure, energy and advanced manufacturing.<sup>29</sup>

However, OBOR is not expected to change the core economic strategy of China, whose primary goal is ultimately that of internal development. This has been a hallmark of Deng Xiaoping's era for the past three decades, wherein his 24-character guideline introduced in the early 1990s urges Chinese leaders to: "observe calmly; secure our position; cope with affairs calmly; hide our



Source: Chatham House

Figure 3: Belt and Road Initiative

capacities and bide our time; be good at maintaining a low profile, and never claim leadership.”<sup>30</sup> This is reflected well by the fact that all 31 Chinese provinces have agreed to actively participate in the implementation of the OBOR strategy, which will be connected to nearly two-thirds of the world’s population and one-third of the global GDP.<sup>31</sup>

### **OBOR-Energy Linkage**

As mentioned previously, energy is one of the key sector-seeking investments and basis of cooperation through OBOR. While during the previous Five Year Plans of China, starting from 10<sup>th</sup> Five Year Plan till the current 12<sup>th</sup> Five Year Plan, developing of overseas oil and gas assets to ensure secure energy supply has been encouraged under the ‘going out’ strategy; and the 13<sup>th</sup> Five Year Plan draft seeks to promote energy cooperation in the frameworks of the OBOR as well as active promotion of the construction of related energy channels along the Bangladesh-China-India-Myanmar (BCIM) economic corridors and the China-Pakistan Economic Corridor.<sup>32</sup>

This draft further carries forward its ‘Global Energy Governance’ strategy highlighted in the 12th Five Year Plan to make full use of international multilateral and bilateral energy cooperation mechanisms wherein there is an increased communication and dialogue in the fields of energy security, energy conservation, CO<sub>2</sub> emissions mitigation, climate change, clean energy development, etc.<sup>33</sup>

Thorsten Benner, Ricardo Soares, and Frederic Kalinke, in their chapter “The Good/Bad Nexus in Global Energy Governance” written for a book titled, *The Global Energy Governance: The New Rules of the Games* stated that,

Traditionally, Global Energy Governance has been dominated by crude realpolitik concerns. For energy-importing governments in the industrialised world only two variables mattered: the price and the security of supply of the lifelines of industrial civilisation, especially oil. Likewise, oil-exporting countries (which are mainly in the developing world) put a premium on price as well as continuous and long-term rent generation through exports. International energy companies were powerful intermediaries; they cared about maximizing access to hydrocarbons and about their own profits. International financial institutions, both private banks and public institutions such as the World Bank, cared solely about a project’s narrow economic viability when making investment decisions on the huge capital needs of oil extraction ventures. The broader political, environmental, and development impact on oil-rich countries was not a concern.<sup>34</sup>

The current global energy system, which primarily lacks cohesion, is practically invisible on the international stage, despite wide range of institutions dealing with global energy economy and security.<sup>35</sup> However, over the past decades the situation has changed drastically and China is being regarded as a leading global energy consumer and is now willing to embrace global energy governance with a nuanced view on energy security. Chinese President Xi Jinping,<sup>36</sup> while emphasizing the need to plug global energy governance gap announced a sweeping energy revolution in China dubbed as “Four Revolutions and One Cooperation” vision. The four revolutions were centred on the four areas of demand, production, technology and institution governance while incorporating international energy cooperation.

According to the International Energy Agency’s (IEA) report, titled “China’s engagement in global energy governance”, China, over the years, has established bilateral energy cooperation dialogue mechanisms with nearly 30 partner countries which are large in size like the U.S. and India, or rich in energy resources, like Russia and Turkmenistan. It also engages with 20 multilateral intergovernmental entities, which are of two types, namely, specialised, such as IEF, IAEA, OPEC, IEA, etc. and comprehensive, such as G20, BRICS, SCO, GCC, etc.

Notably, Chinese economy which remained nearly 10 per cent for almost three decades in the past is now struggling to sustain at around 7 per cent growth rate. One of the ideas behind launching of the OBOR is to also deal with China’s slowing economic growth, wherein several institutions and countries will have a role to play. Interestingly, most of the countries covered under OBOR are developing countries which needs quality infrastructure and large investments which would create an opportunity to help absorb China’s massive excess industrial capacity.

China through its bilateral and multilateral outreach approach under such mechanisms as mentioned above would try to deal with the fear of hard landing, which persists at present.

### **Resetting of India-China Cooperation**

The biggest question however remains as to whether OBOR will restructure the way global trade is done, particularly after China’s initiative to work on bridging the global governance gap. China wants to script the next growth wave of Chinese exports through linking sectors like infrastructure, energy and technology and going beyond its limited approach of acquiring oil and gas assets across energy rich countries. China wants to optimise its outreach

capabilities through several multilateral and bilateral means, with technology and innovation playing one of the major roles.

The biggest challenge however continues to be about infrastructure and funding bottlenecks which this ambitious project would like to deal with at the earliest. Many of the developing countries and regions identified by China are lacking both infrastructure and the funds to meet associated requirements and it is highly possible that China's mode of funding this project may not be appreciated by the Central and Provincial governments of several countries. The cooperative federalism could provide a solution to this concern, which would itself take several years because the OBOR project is long term in nature, with lots of political uncertainties.

Though, China's introduction of funds through AIIB and BRICS New Development Bank of \$100 billion each and establishment of another \$40 billion Silk Road Infrastructure Fund could be used to finance OBOR, the political consensus across the supply chains among all the stakeholders would be a herculean task to achieve. As per McKinsey<sup>37</sup> senior partners, Joe Ngai and Kevin Sneader, investors would lay more emphasis on the transparency factors with respect to clear returns on investments, an idea of appropriate public and private funding, the way the money gets allocated and favourable regulatory systems which works across borders.

The role of countries like India, which is one of the leading economies in the world, would come handy. More transparency in OBOR projects can help India and China to work closely both through bilateral and multilateral mechanisms.

- ***Cooperation under SCO Platform***

In the past, the SCO platform has been utilised by China to push its Silk Road projects linked to infrastructural development. For instance, China is already trying to implement the 3<sup>rd</sup> Eurasian Land Bridge, for a high-speed network, which includes Iran, Pakistan and India.<sup>38</sup> While the Keynote Speech by Vice Foreign Minister, Cheng Guoping at the Lating Forum on 29 May 2012, clearly emphasized the relevance of the Silk Road, he also stated that the SCO offers new opportunities for member states to renew their traditional linkages, which had already been created between them because of the Silk Road.<sup>39</sup> With the withdrawal of western troops, China is gearing up for post-2014 scenario where it sees the role of countries in Central Asia as an important one. China might be willing to upgrade the SCO and other security arrangements.<sup>40</sup>

Importantly, the above proposition goes better when both India and Pakistan become formal members of the SCO. Whole of SCO, including India, China and Pakistan could then work in tandem to meet the stated and renewed objectives of the SCO.

SCO Energy Charter is one such area where India can work closely with China, taking forward the idea of the global energy governance and OBOR. Given the vast energy resources in Central Asia, the SCO mooted the idea of having an SCO Energy Club in 2006 to have deeper energy cooperation among the member states. However, the ineffective mechanism of such an energy cooperation with China as the dominant player, in the Central Asian energy market, resulted in failing of the discussion and the club failed. This was largely because China, being one of the largest energy consumer in the world was not so interested in creating and developing a regional energy hub. It rather preferred to acquire oil and gas assets to satiate its own energy demands. Entry of India in the SCO can realise the objective of the SCO Energy Club within and beyond the frontiers of Central Asia to connect this region to South and Southeast Asia as well.

- ***Forming Quadrilateral with China, Pakistan and Iran***

Thinking of a zero-sum game around the region of Iran will not be a good idea at all. Instead, forming a quadrilateral of India, China, Pakistan and Iran to develop ports of Chabahar and even Gwadar would be a better option. This can happen only if each of these nations understand and respect the other's position and sentiments in the region. Both India and China have signed Chabahar Port pact with Iran, which has invited other countries including Pakistan to be a part of it.

Development of Chabahar and Gwadar port with the help of all the nations combined will go a long way in successful implementation of China-Pakistan-Economic Corridor (CPEC). India has serious reservations on CPEC, a flagship project of OBOR. CPEC's logistics projects are passing through large parts of Pakistan-occupied Kashmir without its consultation. This was reflected in a speech of Indian Foreign Secretary S. Jaishankar where he stated that,

The key issue is whether we will build our connectivity through consultative processes or more unilateral decisions. Our preference is for the former and the record bears this out quite clearly. Wherever that option is on the table, as most recently it did in the AIIB, we have responded positively. But we cannot be impervious to the reality that others may see connectivity as an exercise in hard-wiring that influences choices.<sup>41</sup>

Both China and Pakistan will do well to appreciate the responses and concerns raised by India in taking forward their joint projects, which has both regional and/or country specific impacts, rather than working unilaterally and ignoring the sentiments of the key nations such as India.

In the past, India has been an integral part of that glorious ancient Silk Road playing a critical and active role not only in facilitating trade but also for the movement of culture and ideas.<sup>42</sup> India would not mind to get itself further integrated in the New Silk Road initiated under OBOR, provided it is more transparent and appreciates the sentiments and concerns of the stakeholders and partner countries, 65 in number, including those from land and sea routes, connecting Asia, Africa and Europe.

Taking forward the initiative of OBOR, India would rather have a grand strategy to even link International North South Trade Corridor and being a part of Afghanistan-Pakistan Trade and Transit Agreement (APTTA). Indian External Affairs Minister Sushma Swaraj had expressed India's desire to join APTTA at the last Heart of Asia ministerial conference in Islamabad, which was taken forward by Afghanistan President Ashraf Ghani only to see it rejected by Pakistani officials.<sup>43</sup>

Rather than any of these countries getting entangled into a zero-sum game or having trust deficit, all the countries in question should join hands for comprehensive development of the region, who will ultimately be the first beneficiaries of the respective projects when integrated well rather than working on it on an isolation basis. The Chabahar and Gwadar Port, for instance should become complementary rather than competing ports, wherein Iran could be a great enabler to bring together all the stakeholder countries such as India, China and Pakistan together.<sup>44</sup>

In this regard India went a long way in reconnecting Pakistan but the latter's support for terrorism from Pakistan occupied Kashmir with tacit backing from China didn't go down well; and after the Uri attack, India had no option but to react to surgical strikes in that region, which is very much a part of OBOR. This has been a bone of contention for India; to or not to embrace OBOR despite the visible benefits that the region can derive from implementation of OBOR.

- ***Capitalising on the Past Gains***

Notably, India is already a part of China's 3rd Eurasian Land Bridge, for high speeds network, which will connect other nations including Iran, Pakistan and India. Interestingly, much of the network of the TAR project already exists

as a part of the Eurasian Land Bridge, despite some gaps. It was in November 2006 when both China and India signed an agreement to restart this network along the ancient Silk Routes, multilaterally with 20 other countries.<sup>45</sup>

The proceedings of the 4<sup>th</sup> India-China Strategic Economic Dialogue held on 07 October 2016<sup>46</sup> have provided a ray of hope for reinvigorating ties between India and China. Despite some rebuttal on the part of China on India's membership in the Nuclear Suppliers Group (NSG) and Masood Azhar as a terrorist, this dialogue helped both the countries to come closer on several issues including agreeing on, to cooperate on sourcing energy from international markets, cooperation on renewables, construction of high speed railways and development of coastal manufacturing zones.

All these themes can be merged with global energy governance plans, while bringing it into the ambit of OBOR, particularly with respect to energy and infrastructure projects. In addition to having a greater confidence in bilateral cooperative mechanism, India should explore the possibilities of new multilateral mechanisms such as that of trilateral partnership with Nepal and China. Nepal, which stood with India on terror and boycotted the SAARC Summit, has proposed trilateral strategic cooperation and partnership with China and India.<sup>47</sup> India, should delve further about such propositions which will go a long way to provide a win-win scenario for the region.

Despite postponement of the SAARC Summit, India did well to offer a helping hand to Pakistan in jointly fighting the menace of terror and showed a great sense of maturity, signifying clearly that India is not against the people of Pakistan but the terror which emanates from their soil.

All these efforts would propel greater strategic and economic cooperation between India and China while restoring the trust which both the countries have developed during the recent past due to several reasons. India and China should therefore build up their level of confidence and restart from the bilateral exchanges which have promised several gains for both the countries, as highlighted by Prime Minister Modi's visit to China in May 2016. While both the countries could strive to achieve the target of \$100 billion missed in 2015, India could look forward to the ways and means of curbing the rising trade deficit, which has crossed the record limit of \$45 billion with China.

## **Conclusion**

Therefore, both India and China can certainly change the rules of the game, if they capitalize on the areas of convergence, particularly in the energy sector.

The biggest advantage of cooperation in securing overseas energy assets would be the relatively lower costs both countries would have to incur, (since competition with each other would certainly shoot up the cost of acquiring the assets) resulting in the optimisation of cost at the entire hydrocarbon value chain. Both nations, which are also amongst the largest importers of oil & gas from the Middle East, can possibly join hands in the lookout for more hydrocarbons in Central Asia. Further, India can contribute significantly towards the Silk Road initiatives provided China offers more transparency and appreciates India's concerns regarding terrorism, and also stops backing Pakistan on the same. Joining hands on counter-terrorism mechanisms which go beyond an agreement will help bridge the trust deficit gap between India and China, which is a must to support several initiatives that both the countries have envisioned jointly.

The multilateral platforms like SCO and BRICS can be tapped to its maximum in reaping the benefits which can spread across member countries and the region to which it connects giving a fillip to bilateral relationship.

The biggest advantage from synergies of India and China would be the presence of two South Asian Giants in the Central Asian region with an objective of promoting common goals, which will have the potential to connect regions like South Asia and Southeast Asia, thereby bridging the global governance gap.

These two nations would certainly help Eurasian countries in aiding construction of relevant infrastructure which is in turn required to enhance trade, commerce and business in general, bringing closer the energy rich countries to market their produce to energy hungry nations like India and China. This would certainly ease out the trade movements and energy flow in a most optimum manner. The TAPI gas pipeline project is one such example, where instead of looking at it as a zero-sum game and cornering the gas resources to a single country, it should be facilitated with an objective of diversifying of the resources from gas rich nations to energy hungry countries, using the SCO Energy Club. This would facilitate equitable distribution of natural gas to the entire region bringing down the cost of transport to a significant extent.

Thus the New Silk Road despite being the brainchild of any one country should be opposed to the dominance of any one country. Thus both New Delhi and Beijing should try to ensure that the New Silk Road moves along keeping this spirit in mind and does not result in giving birth to rivalries and competition, with no scope for a zero sum game.

## Notes

1. The Great Silk Road was connecting China, India, Persia, Arabia, Egypt and Rome.
2. Joshua Kucera, "The New Silk Road?", *The Diplomat*, 11 November 2011, <http://thediplomat.com/2011/11/the-new-silk-road/>, accessed on 18 October 2016.
3. *Ibid.*
4. Natalia Konarzewaska, "Turkmenistan advances westward natural gas export", *The Central Asia-Caucasus Analyst*, 19 March 2016, <https://www.cacianalyst.org/publications/analytical-articles/item/13345-turkmenistan-advances-westward-natural-gas-export.html>, accessed on 18 October 2016.
5. K. Warikoo, ed., *Central Asia and South Asia: Energy Cooperation and Transport Linkages*, New Delhi: Pentagon Press, 2011, p. 257.
6. UNESCAP "Iron Silk Road", UN Treaty, Press Release No: G/43/MCT/01/2006, [http://www.rmtbristol.org.uk/2006/10/iron\\_silk\\_road\\_un\\_treaty.html](http://www.rmtbristol.org.uk/2006/10/iron_silk_road_un_treaty.html), accessed on 20 June 2010.
7. An international transport programme involving the European Union and 14 member states of the Eastern European, Caucasian and Central Asian region.
8. TRACECA, "Silk Road Initiative Start Cooperation", *The Journal of Turkish Weekly*, 07 April 2012, <http://www.turkishweekly.net/news/133618/traceca-silk-road-initiative-start-cooperation-.html>, accessed on 30 September 2016.
9. Alexandros Petersen and Raffaello Pantucci, "The New Great Game: Development, Not Domination, in Central Asia", *The Atlantic*, 01 May 2012, <http://www.theatlantic.com/international/archive/2012/05/the-new-great-game-development-not-domination-in-central-asia/256578/>, accessed on 30 September 2016.
10. TRACECA, "History of TACECA", <http://www.traceca-org.org/en/traceca/history-of-traceca/>, accessed on 18 October 2016.
11. TRACECA, "The Silk Road of the 21st Century", <http://www.traceca-org.org/en/home/the-silk-road-of-the-21st-century/>, accessed on 09 October 2016.
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