



## OBOR-CPEC

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### Why in News?

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- In spite of India's objection, Pakistan and China have launched a luxury bus service passing through Pakistan-occupied Kashmir from Lahore (Pakistan) to Kashgar city (China's) in November 2018.
- It is part of an initiative to connect the two countries via road under the USD 60 billion China-Pakistan Economic Corridor (CPEC).

### What is OBOR

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- One Belt One Road (OBOR) is an ambitious project that focuses on connectivity and cooperation among multiple countries spread across the continents of Asia, Africa and Europe. OBOR spans about 78 countries.
- Initially announced in the year 2013, the project involves building networks of roadways, railways, maritime ports, power grids, oil and gas pipelines and associated infrastructure projects.
- The project covers two parts.
  - **Silk Road Economic Belt:** It is land-based and is expected to connect China with Central Asia, Eastern Europe and Western Europe.
  - **21st Century Maritime Silk Road:** It is sea-based and is expected to connect China's southern coast to the Mediterranean, Africa, South-East Asia and Central Asia.

### Stated Official Benefits

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- China continues to pitch OBOR as project for regional development involving Infrastructure development to enhance transnational and cross-regional connectivity as a priority area for cooperation.
- Economic and trade cooperation among OBOR countries.
- Expansion of production capacity and investment cooperation among the OBOR

countries.

- Cooperation and exchanges in cultural, social and other fields.

## Advantages of OBOR for China

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- It will help China in developing its western region, ensuring safe navigation over sea and improving strategic and economic relations with neighbouring and far-west countries.
- It will help China secure access to energy and mineral supplies allowing China to overcome the “Malacca Dilemma” through access to maritime facilities in the Indian Ocean, granting it an important strategic advantage
- OBOR will strengthen China’s presence in the Eurasian region and puts it in a commanding position over Asia’s heartland.

## Potential Advantages to India

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- It will help India’s border and outlying areas to develop infrastructure that it presently lacks.
- Funds from financial institutions may be more easily available and support from China and its infrastructure construction companies may also then be readily available.
- This project will help Improve connectivity with India’s neighbours improving economic, diplomatic and strategic relationship.

## Issues with OBOR

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- Implementation of this project will take many years to complete and also carries risks of failure.
- OBOR’s financing is through loans extended to member countries. Chinese Loans for infrastructure projects are made with understanding that the developing countries award construction contracts to Chinese companies.
- China benefits from both financing and construction of infrastructure projects, while developing countries will bear the financial risk.
- The Centre for Global Development in Washington reckons that eight belt-and-road countries are at risk of debt distress; among them are Laos, Mongolia and Pakistan.
- China will acquire controlling interests in the ports if member countries fail to repay the loans. This situation can prove strategically disadvantageous to member countries.

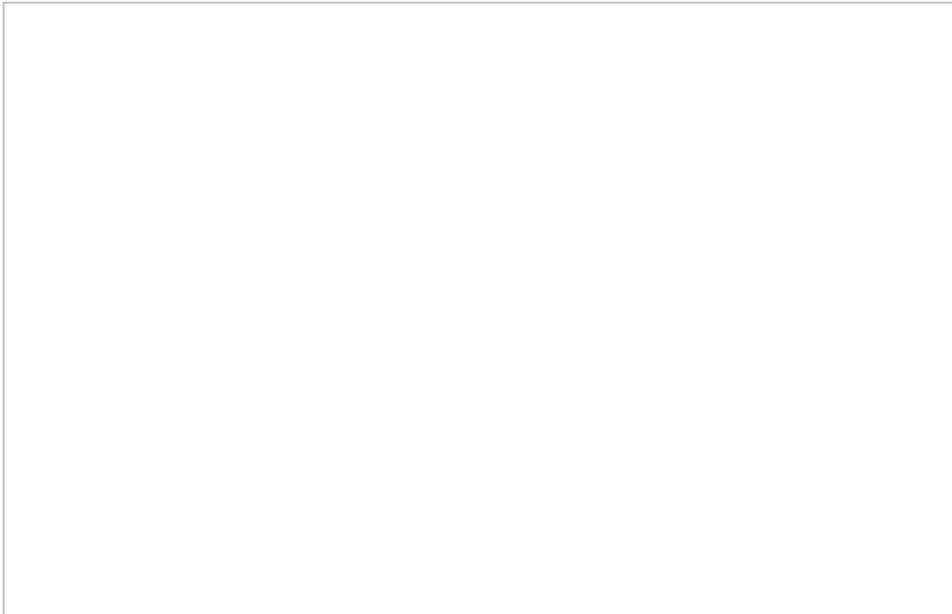
## CPEC

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- The CPEC is bilateral project between Pakistan and China, intended to promote connectivity across Pakistan with a network of highways, railways, and pipelines accompanied by energy, industrial, and other infrastructure development projects

linking the Western part of China to the Gwadar Port in Balochistan, Pakistan running some 3000 km from Xinjiang to Balochistan via Khunjerab Pass in the Northern Parts of Pakistan.

- It will pave the way for China to access the Middle East and Africa from Gwadar Port, enabling China to access the Indian Ocean and in return China will support development projects in Pakistan to overcome the latter's energy crises and stabilizing its faltering economy.
- CPEC is a part of OBOR.



## Issues with CPEC

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- CPEC Passes through Pakistan-occupied Kashmir (PoK) and Baluchistan, both of which are home to a long-running insurgency where it faces terrorism and security risks.
- China would also disseminate its ideology and culture in Pakistan through terrestrial distribution of broadcast TV, which will cooperate with Chinese media in the "dissemination of Chinese culture". A similar Sinification is visible in the Mandalay town of Myanmar which has impacted local architecture and culture.
- CPEC project's lack of transparency and accountability is a cause of concern, as it may be skewed in favour of China economically and strategically.
- Chinese approach of not partnering with local companies will not help Pakistan create job opportunities.
- The project may undermine Pakistan's sovereignty as its foreign policy, especially with India may be dictated by China, complicating the already estranged relations and create political instability in the South Asia;
- The political tension in Afghanistan also may severely impede the benefits of transit corridors in South Asia.

## India's Objections to OBOR-CPEC

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- India has not supported OBOR. China's insistence on establishing the CPEC project through PoK is seen by India as infringing its sovereignty.
- China is building roads and infrastructure in the disputed territory of Gilgit-Balistan, which is under Pakistan's control but which India claims as a part of Jammu and Kashmir.
- If CPEC project gets implemented successfully, this would hamper India's strategic interests in the South Asian region. It will serve Beijing's strategic ambition to encircle India.
- CPEC can aid Pakistan's legitimacy in the Kashmir dispute.
- China's increasing footprints in the South Asian region is detrimental to India's strategic hold e.g. construction of the Hambantota Port in Sri Lanka provided China critical strategic location in Indian Ocean.

## Conclusion

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- India's future strategy thrust on CPEC must be based on a careful reassessment of the potential benefits as well as disadvantages from OBOR project.
- India should speed up work on development of its own strategic projects like, Bangladesh, China, India and Myanmar Economic Corridor (BCIM) and Chabahar Port.
- **The Asia-Africa Growth Corridor** is an India-Japan economic cooperation agreement, it can provide India great strategic benefits and counter China's OBOR project.