

## Executive Summary

China was the leading economy of the world since first century and the region has undergone alternating cycles of prosperity and decline. The opium wars in 19<sup>th</sup> century reduced China's economic supremacy considerably. China has drawn up a plan to reclaim its past economic supremacy and has been working towards it relentlessly. To become economic and military super power it needs energy security as China is one of the largest consumer of the energy in today's world. As most of its oil requirements (more than 85%) are met from sea transportation, SLOCs running from South China Sea to East African coast, China needs security and infrastructure (ports, replenishment facilities etc in the IOR). China's efforts to construct land routes and ports connecting Indian Ocean (CPEC, Gwadar port, Chittagong port etc) have not yielded desired results. Therefore China has mooted Silk Road Economic Belt proposal (connecting Europe through land and Africa through sea). MSR is sea leg of this proposal and covers approx 60 countries in IOR.

The proposed MSR serves China's many purposes. Firstly it will help to secure its oil needs. Secondly China can utilize the facilities militarily in case of conflicts in IOR. The ports and facilities being built as part of MSR will be operated by Chinese nationals and can be utilized by Chinese Navy for military purposes (docking of Chinese submarine in Sri Lanka in 2014 is an example). Thirdly, it can showcase China as a benevolent state and neutralize its negative image of establishing 'String of Pearls' in IOR to encircle India.

While many ASEAN countries are suspicious about MSR project due to the opaque nature of the proposal and China's dubious past, its maritime disputes in South China sea and border disputes, most of the African countries have welcomed it. China, being wary of the India's dominance in the region has invited India to join MSR. However due to the strategic and geo-political implications involved, India is yet to respond to the proposal. Further, India joining MSR, will legitimize the Chinese projects like Gwadar port building, CPEC construction etc, to which India has opposed and raised strong objections. On the other hand, India has signed agreement to construct BICM corridor recently. In case of not joining MSR, India may lose out economic gains and also may be left out and lose its influence in the region. India's exclusivist approach may lead to its marginalisation, thereby helping China to 'displace' India's influence in its own backyard.

India has launched Projects 'Mausam' and 'Spice route', 'Cotton route', 'Sagarmala' and given fresh impetus to its 'Act East' policy to counter the MSR. However India lacks the economic power and influence which China has, in the region.

India needs to tread cautiously and ensure its interests are always protected in case it decides to join MSR. India also should negotiate hard with China to resolve issues like border disputes, systematic buildup of military infrastructure along the border, and deployment of missiles in Tibet that may be targeting Indian strategic installations, in favour of India and use this opportunity to isolate Pakistan militarily and diplomatically from China.