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Searching for an Economic Basis for the Indo-Pacific: Evolution of India's Approaches

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Abstract. The article is devoted to an analysis of India's attempts to form an economic basis for its flagship foreign policy initiative — the concept of the Indo-Pacific. The author, using a multidimensional approach based on critical theory, historical sociology of international relations, the strategic culture approach and spatial approach, examines the evolution of the economic system of the Indo-Pacific in a historical perspective. India has historically played a key role in the system. So the Indian political elites believe that it has to be the regional hegemon. The rapid growth of the Indian economy at the beginning of the 21st century allowed New Delhi to start implementing its ambitions. The growth of neighboring China and its expansion into traditional Indian spheres of influence forced India to intensify the Indo-Pacific policy. Possible options for building the economic basis of the Indo-Pacific have been consistently explored in the article. The author highlights the economic mega blocs (TPP and RCEP), which India refused to join due to concerns about its economy; sub-regional trade and economic blocs and initiatives (SAARC, BIMSTEK, SAGAR, AAGC), local and relatively weak for providing the economic basis of the mega-region on their basis; finally, the latest infrastructure projects (Blue Dots Network, Build Back Better World), in which India is still hesitant to participate, not being sure of their effectiveness and fearing excessive involvement in anti-Chinese projects. The author concludes that India can either join Western infrastructure initiatives, or try to build an economic basis for the Indo-Pacific on a set of sub-regional initiatives. In the latter case, Russia could play an important role by implementing bilateral projects with India and participating in multilateral ones.

Key words: India, Indo-Pacific, mega blocs, Regional Comprehensive Economic Partnership, RCEP, Trans-Pacific Partnership, TPP

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В поисках экономического базиса для ИТР: эволюция подходов Индии

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Аннотация. Проанализированы попытки Индии сформировать экономический базис для своей флагманской внешнеполитической инициативы — концепции Индо-Тихоокеанского региона (ИТР). Автор, используя комплексный подход на базе критической теории, исторической социологии международных отношений, теории стратегической культуры и пространственного подхода, рассматривает эволюцию экономической системы Индо-Тихоокеанского региона в исторической перспективе. Благодаря тому, что Индия исторически играла в этой системе ключевую роль, у индийских политических элит сложилось представление, что ей по праву принадлежит место регионального гегемона. Быстрый рост индийской экономики в начале XXI в. позволил Нью-Дели приступить к реализации своих амбиций, а растущая мощь соседнего Китая и его экспансия в традиционные зоны индийского влияния вынуждала Индию активизировать свою политику в ИТР. Последовательно исследованы возможные варианты выстраивания экономического базиса ИТР. Автор выделяет экономические мегаблоки (Транстихоокеанское партнерство и Всестороннее региональное экономическое партнерство), от которых Индия была вынуждена отказаться из-за опасений за стабильность своей экономики; субрегиональные торгово-экономические блоки и инициативы (СААРК, БИМСТЕК, САГАР, Азиатско-Африканский коридор роста), локальные и сравнительно маломощные для того, чтобы на их базе выстраивать экономический базис мегарегиона; наконец, новейшие инфраструктурные проекты («Сеть голубых точек», «Построить заново лучший мир»), в которых Индия пока опасается участвовать, не будучи уверена в их результативности и опасаясь чрезмерного вовлечения в антикитайские проекты. Автор приходит к выводу, что Индия может либо присоединиться к западным инициативам, большая часть которых носит инфраструктурный характер, либо попытаться выстроить экономический базис ИТР на основе набора отдельных субрегиональных инициатив. В последнем случае Российская Федерация могла бы сыграть важную роль, реализуя двусторонние проекты с Индией и участвуя в многосторонних.

Ключевые слова: Индия, Индо-Тихоокеанский регион, мегаблоки, Всестороннее региональное экономическое партнерство, ВРЭП, Транстихоокеанское партнерство, ТПП

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Introduction

The Indo-Pacific Region (Indo-Pacific) is one of the most dynamically developing regional constructs. There is the ambiguity of interpretations and definitions among its distinguishing features. In each country where the expert community and political elites are interested in the subject of ITR, not only the geographical scope of the Indo-Pacific, but also

its content is perceived differently. Thus, American experts and politicians focus on curbing the ambitions of the PRC, which, according to Washington, threaten stability in the region and the status of the United States as a hegemon; Japanese experts pay attention on the formation of a multi-tiered economic and political architecture that would allow Japan to maintain its position as one of the regional

leaders. The countries of the Association of Southeast Asian Nations (ASEAN) are interested in maintaining the central role of the Association as a locomotive of regional development even in the new realities. Finally, India is building a complex Indo-Pacific model that combines the desire to create informal structures designed to respond to security challenges and the historical and cultural rationale for India's return to the Asia-Pacific region (APR), as well as expanding its sphere of influence east of Malacca strait.

The Indian expert community and political elites are carefully developing the historical and cultural basis of the Indo-Pacific, trying to substantiate the "naturalness" of the Indo-Pacific by appealing to the centuries-old history of economic ties of this mega-region. At the same time, the Indo-Pacific, the flagship Indian international project, actually lacks a real economic base, which looks paradoxical taking into account New Delhi's consistent desire to build an economic foundation for any international relations, sometimes turning into economic determinism.

The article is devoted to the analysis of this phenomenon. First, it is given the necessary brief outline of the historical development of the economy of the Great Indian Ocean, then the latest events that launched the process of forming a single economic system in the Indo-Pacific region are briefly described — the development of the concept of Indo-Pacific by Indian experts and China's promotion of the Belt and Road initiative. The mega-blocks to which India initially paid special attention (the Trans-Pacific Partnership (TPP)) and the Regional Comprehensive Economic Partnership (RCEP), and the reasons why India did not join them, as well as sub-regional and local projects with Indian participation, are analyzed. Finally, there are considered the latest initiatives of India's partners in the Quad (Blue Dot Network, Rebuilding a Better World) and the prospects for New Delhi's participation there. The author comes to the conclusion that India's imperative remains the creation of such an economic base

for the Indo-Pacific, where this country could ideally play the dominant or at least one of the key roles, which gives Russia room for maneuver.

As the methodological basis of the article, the author chose an integrated approach that combines the methods of critical theory, historical sociology, the theory of strategic culture and spatial approach. The use of critical theory tools is necessary when it deals with the analysis of decisions made by politicians under the influence of both internal and external factors, as well as their own ideas; the theory of strategic culture helps to isolate and describe these perceptions; the historical sociology of international relations provides the necessary basis, making it possible to trace the connection between the past as a shaping factor and the past as a phenomenon that simultaneously constructs the consciousness of the ruling stratum and is constructed by it. Finally, the spatial approach allows us to consider the ocean as a space of social (in this case, economic) interaction, which differs in its characteristics from land (free movement of goods and services, fleet mobility, the special role of ports as political and economic nodes, where are built based on them spheres of influence, etc.).

Economy of the Indo-Pacific through the Prism of History

Historically, the Indian Ocean was the first of the world's oceans, where only trade and economic system was formed. This was primarily due to its outlines, which made it possible to reach the opposite coast of the ocean without moving away from the coast, and the specific climatic monsoon regime, thanks to which sailing ships could confidently cross the ocean twice a year. Also of great importance was the rapid development of early polities in the coastal regions, which had the necessary surplus products for trade.

Initially, the trading system of the Indian Ocean region included several trade routes linking Sumer and the Indus Valley, Egypt and

Punt (Alpers, 2014, pp. 19—25). In the following centuries, it expanded to include the coast of East Africa and the Western Pacific, and was repeatedly transformed under the influence of military, religious, political and climatic factors. In the II century BC a sea route connected China and the Roman Empire. The fall of Rome led to the collapse of the entire system — the center of the region economic life shifted to the east, and the Indian states and China began an active cultural and commercial expansion into Southeast Asia. The restoration of trade links with post-Roman Europe and the spread of Islam in the region led to the revival of the old route. Portuguese expansion in the Indian Ocean created an alternative route for the import of spices and luxury goods to Europe around the Cape of Good Hope (Abu-Lughod, 1989, pp. 274—276).

The British conquest of India and the capture of key points in the Indian Ocean region changed the structure of regional trade again, turning India into the main source of opium imports to China. This system did not last long, and opened the way to the classic colonial system with Britain as the mother country, which exported finished goods to the countries of the region, receiving raw materials in return. But no matter how the system was transformed, India played a key role in it. Even after falling under the rule of Britain and being integrated with other regional polities into the classical colonial model, India remained the economic center of the region, although its sphere of influence was steadily decreasing (Metcalf, 2007).

This economic indocentrism gave rise to the illusion among the Indian elites and counter-elites that this situation was natural: Indian intellectuals believed that as soon as India broke free from colonial rule, it would accumulate the resources that the metropolis was pumping out of it, and would naturally again take the place of the economic center of the region (Panikkar, 1945). However, after India gained independence, it turned out that the world economy over the past century transformed so

much that it was extremely difficult or even impossible to restore the destroyed traditional economy of the Indian Ocean region.

Indo-Pacific and the Belt and Road Initiative

The prerequisites for changing the situation emerged only at the beginning of the 21st century, when the Indian economy, after the reforms of the government of Narasimha Rao, showed exceptionally high growth rates — up to 9.6 % per year.¹ This allowed the Indian elites to think again about economic dominance in the region. However, by that time the economy of neighboring China had been showing steady growth over the course of a decade and a half, exceeding 10 % per year.² Taking advantage of this, the PRC launched economic expansion in the regions that the Indian leadership traditionally considered its zone of influence. This worried the Indian elites, who had been suspicious of China since the lost border war in 1962 and believed that the PRC's goal was dominance in Asia. Such kind of the situation' development automatically meant that India would have to be content with a place in the “second tier” of the states of the region (Volodin, 2017, pp. 181—182).

The response to Chinese expansion was the development of the concept of the Indo-Pacific region. For the first time this term in its modern geopolitical meaning was used in the autumn of 2006 by the retired vice admiral of the Indian Navy P.S. Das during a conference in Japan.³ A few months later,

¹ Economy grew 9.6 % in 2006—07 // Mint. February 1, 2008. URL: <https://www.livemint.com/Politics/4NqyoSIhcZl82fPZ4tOboO/Economy-grew-96-in-200607.html> (accessed: 31.01.2022).

² Chinese Economy Grows 10.7 Percent in 2006 // The New York Times. January 25, 2007. URL: <https://www.nytimes.com/2007/01/25/business/worldbusiness/25iht-yuan.4345858.html> (accessed: 31.01.2022).

³ Das P. Maritime Violence in the Indian Ocean — Challenges and Responses // Indo-Japan Dialogue on Ocean Security. Ocean Policy Research Foundation, 2006. P. 108—121. URL: https://www.spf.org/en/_opri_media/

another naval expert, G. Khurana, used the term “Indo-Pacific” in his article (Khurana, 2007). At the heart of the speech of P.S. Das and G. Khurana’s article was the idea of the influence of India’s geographical position on the security of the hydrocarbon supply line from the Persian Gulf to Japan. At the same time, as G. Khurana later admitted, it was understood that India’s position allows it to influence the security of a similar route for the supply of hydrocarbons to China, and, consequently, on Chinese foreign policy.⁴ The idea the Indo-Pacific was popularized in August 2007 by Japanese Prime Minister Shinzo Abe, who, during a speech before the Indian Parliament, announced the beginning of the merger of the two oceans.⁵ The Indo-Pacific concept was almost immediately embraced by the Indian elites, who saw it as an opportunity to extend India’s sphere of interest beyond the Malayan barrier. But initially it was built around security issues and concerned economic problems only to the extent that it was about ensuring the supply of oil and gas to the countries of East Asia.

In 2013, Chinese President Xi Jinping, in his speech before the Indonesian Parliament, announced the launch of the 21st Century Maritime Silk Road initiative. It was supposed that large-scale infrastructure project would link the ports of mainland China with the ports of Southeast Asia, Africa and Europe. From the PRC’s point of view, this was a logical extension of the One Belt, One Road initiative proclaimed a year earlier (later renamed the Belt and Road Initiative), as it made possible to

supplement the land corridors of the southern part of the Belt and Road with a maritime component. Indian political elites, for their part, perceived this move as a continuation of the Chinese strategy aimed at expanding its presence in the Indian Ocean (Krupakar, 2017). Back in 2004, American political scientists put forward the concept of the “String of Pearls”: it assumed that China would try to create a chain of ports in order to support the hydrocarbon transit route and later would create a chain of naval bases (Lebedeva, 2018, pp. 103—105). Indian experts accepted and developed this concept, and suggested that the PRC was going to use leased ports as full-fledged naval bases in the event of a conflict with India in order to implement a “strategic encirclement” of India (Mohan, 2013, pp. 129—130). Not surprisingly, the method by which the “Maritime Silk Road” was laid, namely the lease and modernization of ports, only strengthened New Delhi’s suspicions.

As a result, the concept of the Indo-Pacific began to be perceived in the Indian expert community and political elites as an alternative to the “Maritime Silk Road.” This, in turn, required a rethinking of the Indo-Pacific format itself and filling it with an economic component so that it could compete with the Chinese project. At the same time, New Delhi’s main imperatives were to restore and maintain the central role of India in the Indian Ocean region, where it could act as a dominant player, whose interests are constantly taken into account by other countries in the region. They also include attracting public and private investment from external players without compromising this central role, and drawing on the resources of all regional players, while ensuring that they do not try to transform accumulated economic advantages into political influence. Since the Indian leadership understood that India was economically weaker than China and could not afford to spend comparable funds to strengthen its position in the region, it was necessary to moderate ambitions, focusing on building a sub-regional space of economic cooperation focused

publication/pdf/200703_061105_02.pdf (accessed: 14.07.2021).

⁴ Kuo M.A. The Origin of ‘Indo-Pacific’ as Geopolitical Construct: Insights from Gurpreet Khurana // *The Diplomat*. January 25, 2018. URL: <https://thediplomat.com/2018/01/the-origin-of-indo-pacific-as-geopolitical-construct/> (accessed: 31.01.2022).

⁵ “Confluence of the Two Seas”. Speech by H.E. Mr. Shinzo Abe, Prime Minister of Japan at the Parliament of the Republic of India // Ministry of Foreign Affairs of Japan. August 22, 2007. URL: <https://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html> (accessed: 14.07.2021).

on India, or to try to find an alternative format of economic basis for the Indian construct.

Mega Blocks as Locomotives of Development?

The most promising option was to join one of the regional mega blocks, which allowed their member states to integrate into existing trade and production chains or build new ones, thereby stimulating the development of the economy.

At the time of the formation of the Indo-Pacific concept, there was only one mega-block project in the region — the Trans-Pacific Partnership (TPP). The prospect of joining it caused a mixed reaction in India: while some economists warned that joining the mega block would hurt the socially important and uncompetitive sectors of the Indian economy, which had still been protected by protectionist measures, others indicated that it would affect positively on the development of the Indian service sector and the volume of investment in the country, and socially significant industries should be reformed in any case. If India does not join the TPP, then it will lose strategically: due to tariff cuts within the mega block, Indian exports of goods and services will suffer, investments will decrease, and foreign capital will begin to flow out of the country.

However, India did not join the mega block despite a direct invitation from the US to take part in the talks.⁶ The Indian leadership considered joining the TPP at a later date, hoping first to compensate for its non-participation through the existence of free trade zones (FTA) with five potential members of the TPP (Japan and four ASEAN countries).⁷ In any

case, as Indian Trade and Industry Minister Nirmala Sitharaman pointed out, the TPP, without India and China, cannot be considered a regional trading bloc⁸ — and, as a result, cannot become the economic basis for the Indo-Pacific.

Another potential mega block, the Regional Comprehensive Economic Partnership (RCEP), which negotiations began in 2011, looked more promising in this capacity. Although joining the RCEP would obviously entail the same negative consequences as joining the TPP, the RCEP was a full-fledged regional agreement. In addition, India could count on the fact that it would be able to secure its interests with the support of the majority of potential member countries, where many of them were afraid of Chinese dominance and were interested in attracting another powerful economy to the mega-block, which could serve as a counterbalance to the PRC. There have also been concerns that Beijing could otherwise secure hegemony in the region (Doyle & Rumley, 2019, p. 80). The boundaries of the RCEP generally coincided with the boundaries of the eastern and central regions of the Great Indian Ocean and completely included the territory of the Indosphere, a zone of Indian cultural and religious influence. Taking into consideration the fact, that for India the Indo-Pacific had already turned into a cultural and civilizational construct, designed to justify India's broad participation in the affairs of the Asia-Pacific region, relying on the RCEP, which would help to tie India more firmly to ASEAN, South Korea, Japan, Australia and New Zealand, seemed natural (Panda, 2014, pp. 55—56).

It is not surprising that Indian Prime Minister Narendra Modi in his speech at the Shangri-La Dialogue in 2018 stated that his

⁶ Remarks by Vice President Joe Biden on the U.S. — India Partnership at the Bombay Stock Exchange // The White House. July 24, 2013. URL: <https://obamawhitehouse.archives.gov/the-press-office/2013/07/24/remarks-vice-president-joe-biden-us-india-partnership-bombay-stock-excha> (accessed: 25.07.2021).

⁷ Vaid M., Vaini T.S. Is There Room for India in the TPP? // East Asia Forum. March 2, 2016. URL:

<https://www.eastasiaforum.org/2016/03/02/is-there-room-for-india-in-the-tpp/> (accessed: 25.07.2021).

⁸ No Adverse Impact of Joining Trans-Pacific Partnership: Nirmala Sitharaman // India.com. January 11, 2016. URL: <https://www.india.com/news/india/no-adverse-impact-of-joining-trans-pacific-partnership-nirmala-sitharaman-852850/> (accessed: 25.07.2021).

country views RCEP as the economic basis of the Indo-Pacific. “We will maintain a rules-based, open, balanced and stable trading environment in the Indo-Pacific region that will lift up all countries on the wave of trade and investment,” Modi announced. “That is what we expect from the Comprehensive Regional Economic Partnership. RCEP should be comprehensive, as its name and stated principles imply. Within its framework, a balance should be maintained between trade, investment and services.”⁹

That is why India’s refusal to sign the final agreement on RCEP was completely unexpected. While many experts believed that it was driven by India’s political concerns about China, this outcome appears to be the result of sober economic calculation above all (Gaur, 2020, pp. 8—16). Even during the discussion of the prospects for joining the TPP and RCEP in the Indian economic community, the voices of those who believed that the rash conclusion of FTA agreements would harm the Indian economy were heard more and more loudly. The positions of skeptics strengthened after the head of the White House, D. Trump, announced the US withdrawal from the TPP negotiations. This was seen as evidence that a successful economy does not need locomotives to drive development. The fact that the RCEP negotiations were very difficult also played its role, and India’s demands for special conditions and preferences for socially significant sectors of its economy were not supported by South Korea, Japan and the countries of Southeast Asia, contrary to expectations.

In Search of an Alternative: Subregional Projects

The build of the economic fundament of the Indo-Pacific on the basis of separate sub-

⁹ Prime Minister’s Keynote Address at Shangri La Dialogue // Ministry of External Affairs, Government of India. July 1, 2018. URL: <https://www.mea.gov.in/Speeches-Statements.htm?dtl/29943/Prime+Ministers+Keynote+Address+at+Shangri+La+Dialogue+June+01+2018> (accessed: 25.07.2021).

regional initiatives and projects with a key role for India could become an alternative. The oldest of these projects is the South Asian Association for Regional Cooperation (SAARC), founded in 1985. However, despite its great economic potential and long history, this association suffers from an irreparable disadvantage, from the point of view of the Indian elites: it includes Pakistan, always ready to support any projects of other member countries, aimed at limiting the influence of India (Sinha, 2019, p. 470). The virtual cessation of official trade between India and Pakistan after the Indian authorities changed the administrative status of Kashmir, partially paralyzed the activities of SAARC. Although during the COVID-19 pandemic, SAARC was in demand as a platform for dialogue and coordination of measures to combat the disease (Bragina, 2020, pp. 139—140), India is increasingly switching to other formats of economic interaction.

A kind of alternative to SAARC was formed in 1997 by the Bay of Bengal Initiative for Diversified Technical and Economic Cooperation (BIMSTEC), which includes all South Asian countries, with the exception of Pakistan, as well as Thailand. This made it possible to shift the axis of economic interaction towards the Bay of Bengal, which is perceived by India as part of the axis of the Indo-Pacific — the line of the Malay barrier and adjacent seas, that connect India and the countries of Southeast Asia (De, 2020, p. 82). Due to the absence of Pakistan among the participating countries, the BIMSTEC format looks much more comfortable for India (Chetty, 2007, p. 41). However, the persistent desire of the PRC to develop infrastructure projects in the region, the construction and modernization of ports, which Beijing plans to connect with transport routes to the southern provinces of mainland China, worries New Delhi, especially since local political elites willingly take Chinese loans and adopt Chinese infrastructure projects.

In 2015, Prime Minister Narendra Modi launched the Security and Growth for All in the

Region (SAGAR) project. Announcing the new initiative, N. Modi announced: “Our goal is to create a climate of mutual trust and transparency; to achieve respect for the rules and norms of behavior at sea from all countries; to be sensitive to each other’s interests; to reach a peaceful resolution of maritime disputes; to increase cooperation in the maritime sector.”¹⁰ However, despite the ambitious goals, the SAGAR project later almost disappeared from the Indian political discourse, and cooperation within its framework was reduced mainly to strengthening ties with the small island states of the Indian Ocean region, with a special emphasis on security issues.

Another project with Indian participation, designed to link the Indo-Pacific together, was the joint India — Japan infrastructure initiative “Asia — Africa Growth Corridor” (AAGC), launched in 2017 as an alternative to the Belt and Road Initiative (Thankachan, 2017, p. 84). This is a full-fledged Indo-Pacific project that aims to revive at a new level the ancient sea route that connected Africa with Asia: it is planned to create the Gujarat — Djibouti — Aden, Madurai — Mombasa — Zanzibar and Calcutta — Situe corridors within its framework. Thus, it is expected not only the restoration of extensive Asian-African trade ties, but also the development of ties between Asian countries and their ports. A number of other projects with the participation of European and Asian countries (in particular, South Korea), although they imply an increase in the connectivity of the region and the development of the “blue economy,” are purely local (Panda, 2020a).

In a certain sense one can call all these projects as Indo-Pacific, since they imply building an economic basis for interaction in individual regions and sub-regions of the Indo-Pacific mega-region. At the same time, the only Indo-Pacific project in the full sense, based on

¹⁰ Jaishankar D. Indian Ocean Region: A Pivot for India’s Growth // Brookings. September 12, 2016. URL: <https://www.brookings.edu/opinions/indian-ocean-region-a-pivot-for-indias-growth/> (accessed: 25.07.2021).

the interaction of key regional players in the Western Pacific and the Indian Ocean region, is the Asia-Africa Growth Corridor initiative, but the limited number and capabilities of its participants do not allow it to be used as the foundation of the ITR.

“Quality Initiatives” and “Blue dots”

In this regard, infrastructure support projects are of particular interest to India, which would simultaneously attract foreign public and private investment to the region and form an alternative to Chinese Belt and Road projects, as well as allow India itself to find funds to develop its infrastructure, which will require about a trillion US dollars in the coming years.¹¹

The first initiative of its kind was the Japanese Partnership for Quality Infrastructure (PQI), launched by Shinzo Abe in 2015 and renamed in May 2016 to Expanded Partnership for Quality Infrastructure (EPQI). This initiative provides for an investment of USD 200 billion in official development assistance (ODA) in Indo-Pacific countries for five years (2017—2021).¹² Its goal is both to expand Japan’s influence in the Indo-Pacific and strengthen the strategic network of alliances, as well as to create new foundations for Japan’s economic development by encouraging the penetration of Japanese companies into the international infrastructure market. The project includes investments in such strategically important sectors of South and South-East Asia (Indonesia, Vietnam, Myanmar, and India) as railways, airports, commercial ports, power plants, and telecommunications. Funds are allocated through existing state instruments for

¹¹ Basu T. Mapping India in Japan’s Infrastructure Agenda // East Asia Forum. April 29, 2016. URL: <https://www.eastasiaforum.org/2016/04/29/mapping-india-in-japans-infrastructure-agenda/> (accessed: 25.07.2021).

¹² The “Expanded Partnership for Quality Infrastructure” Initiative Directed toward the G7 Ise-Shima Summit Meeting Announced // Ministry of Economy, Trade and Industry of Japan. May 23, 2016. URL: https://www.meti.go.jp/english/press/2016/0523_01.html (accessed: 25.07.2021).

financing infrastructure projects in developing countries, Asian Development Bank funds and private investment are actively attracted.

The focus was on India. This country has been a permanent recipient of Japanese ODA for decades, but in recent years Tokyo has considered the strengthening of Indian-Japanese economic ties as a key element in the formation of a sustainable world order in Asia (Sahoo & Bishoi, 2016, p. 54). New Delhi, in turn, expected to turn India into an international industrial hub that would close regional value chains with active Japanese assistance (Maniyar, 2020, pp. 105—106). It was supposed to achieve this goal through Japanese investments in high-tech infrastructure projects: high-speed railways, industrial corridors, high-speed public transport system, which would be sponsored on extremely favorable terms for the Indian side. An example is the construction of the Mumbai — Ahmedabad high-speed railway line, which is carried out on Japanese loans issued at 0.1 % for up to 50 years with a grace period of 15 years.¹³ For comparison: a loan for a project of a similar Jakarta — Bandung railway, sponsored by the Chinese Development Bank, was issued at 2—3.4 % for 40 years with a grace period of 10 years.¹⁴ Nevertheless, neither the “Extended Partnership for Quality Infrastructure” nor the similar Australian Partnerships for Infrastructure initiative, aimed at developing infrastructure projects in Southeast Asia,¹⁵ can compete with the Chinese

Belt and Road: this requires a comparable project implemented by a superpower or a group of developed economies.

Such a project is intended to be the Blue Dot Network (BDN), the creation of which was officially announced by U.S. representatives on November 4, 2019 at the Indo-Pacific Business Forum in Bangkok. Its main participants were the newly established American Corporation for Financing for International Development (U.S. International Development Finance Corporation), Japan Bank for International Cooperation (JBIC) and the Australian Ministry of Foreign Affairs and Trade. The Blue Point Network was supposed to be an alternative to Chinese loans and infrastructure projects for the countries of the region.¹⁶ It was assumed that American, Japanese and Australian structures under this initiative would independently assess infrastructure projects for financial transparency, environmental safety and impact on the economic development of the state and the region. Projects that have been tested will receive a special certificate of conformity that will help them to attract private capital. The Blue Point Network was originally positioned as a multilateral initiative that would bring together governments, the private sector and civil society to promote “high-quality” and reliable “standards for the development of global infrastructure.”¹⁷ It was planned to focus the certification efforts on projects in the fields of energy, infrastructure and the digital economy.

In November 2020, Taiwan joined the initiative, and a month before the “Network” was presented at the congress of the Three Seas Initiative in Tallinn, where it received hot

¹³ Mumbai — Ahmedabad Bullet Train Loan: State not Keen to Be Guarantor // *The Times of India*. January 21, 2017. URL: <https://timesofindia.indiatimes.com/city/mumbai/bullet-train-loan-state-not-keen-to-be-guarantor/articleshow/56696200.cms> (accessed: 31.01.2021).

¹⁴ Jakarta — Bandung High-Speed Rail // *Railway Technology*. 18.12.2020. URL: <https://www.railway-technology.com/projects/jakarta-to-bandung-high-speed-rail/> (accessed 31.01.2022); Jakarta-Bandung high speed railway to get Chinese loans // *The Jakarta Post*. November 10, 2016. URL: <https://www.thejakartapost.com/news/2016/11/10/jakarta-bandung-high-speed-railway-to-get-chinese-loan.html> (accessed: 31.01.2022).

¹⁵ Who We Are // *Partnerships for Infrastructure*. URL: <https://www.partnershipsforinfrastructure.org/who-we-are> (accessed: 25.07.2021).

¹⁶ Garin A. Quad Infrastructure Diplomacy: An Attempt to Oppose the Belt and Road? // *International Relations [Гарин А. Инфраструктурная дипломатия Quad: попытка противостоять «Поясу и пути»? // Международные отношения]*. July 3, 2021. URL: <https://interaffairs.ru/news/show/30673> (accessed: 25.07.2021). See also: (Paik & Park, 2020, pp. 44—46).

¹⁷ Blue Dot Network Vision Statement // U.S. Department of State. URL: <https://www.state.gov/blue-dot-network-vision-statement/> (accessed: 31.01.2022).

support. In turn, the U.S. has pledged an investment of USD 1 billion for those projects in the fields of IT infrastructure, energy, road and port construction that will be certified. Thus, the Blue Point Network has ceased to be an exclusively Indo-Pacific initiative. In January 2021, Georgia joined it, and in June 2021, the Organization for Economic Cooperation and Development (OECD) announced its support for the Network, which finally globalized the American project, turning it geographically into a full-fledged competitor to Belt and Road.

The last step towards structuring the “Network” was taken at the June G7 summit, where it was announced the launch of the “Build Back Better World” (B3W) initiative, which involves the allocation of USD 40 trillion by the G7 countries by 2035 for the needs of developing countries.¹⁸ The anti-Chinese orientation of this initiative is obvious. Thus, the U.S. has actually enlisted the support of its key allies to confront China not only in the Indo-Pacific region, but also around the world.

India at a Crossroads

India’s joining to “Net,” as the largest economy in South Asia would strengthen the U.S. position in this confrontation. In February 2020 D. Trump raised this topic in negotiations with N. Modi,¹⁹ but contrary to the expectations and demands of many analysts and experts who launched a broad campaign in favor of American initiatives in the

¹⁸ Fact Sheet: President Biden and G7 Leaders Launch Build Back Better World (B3W) Partnership // The White House. June 12, 2021. URL: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/12/fact-sheet-president-biden-and-g7-leaders-launch-build-back-better-world-b3w-partnership/> (accessed: 25.07.2021).

¹⁹ Joint Statement: Vision and Principles for India — U.S. Comprehensive Global Strategic Partnership // Ministry of External Affairs, Government of India. February 25, 2020. URL: https://mea.gov.in/bilateral-documents.htm?dtl/32421/Joint_Statement_Vision_and_Principles_for_IndiaUS_Comprehensive_Global_Strategic_Partnership (accessed: 25.07.2021).

press²⁰ and on the pages of scientific journals (Panda, 2020b), New Delhi refrained from joining the ranks of the member countries of the new project. During the last summit of the G7, Narendra Modi, although he was present at the meeting, but virtually and did not sign any binding documents.

For India, the competition of the Belt and Road with the Network of Blue Dots, as well as the confrontation between China and the United States as a whole, represents both challenges and opportunities: for example, in the context of U.S.-Chinese rivalry, the creation of a network of infrastructure projects funded by Western countries and their allies, can give India a chance to host the production facilities withdrawn by the US and other Western countries from China.

At the same time, the set of these opportunities for political reasons is less than it could be. Thus, the Indian leadership does not hide the negative attitude towards the Belt and Road projects, considering them primarily as a tool to increase the influence of China in critical regions for India. Beijing’s clear reluctance to take into account New Delhi’s position and perceive it as an equal partner leads to India’s refusal to participate in Chinese infrastructure projects in South Asia and the Indian Ocean region. Formally, this position is justified by the fact that one of these projects, the China — Pakistan Economic Corridor (CPEC), is laid through Indian-owned territory of Kashmir that is under Pakistani control (Blah, 2018, p. 318; Chan, 2020, pp. 206—207).

Thus, India has no choice that other developing countries in South and South-East Asia are facing: the Belt and Road involves direct financing and short-term assistance and it is a proven and working tool, but joining it entails significant foreign policy risks, then

²⁰ See, for example: Join Blue Dot Network for Infrastructure // The Economic Times. June 16, 2020. URL: <https://economictimes.indiatimes.com/blogs/et-editorials/join-blue-dot-network-for-infrastructure/> (accessed: 26.07.2021).

within the Network there is no question of rapid and even more guaranteed fundraising. Even if the investor is interested in an infrastructure project in a developing country, the question will arise about the conditions under which investments will be made: will this not make the economy of the recipient country dependent on private creditors and will the financing be linked to the need for political change?

In addition, it is not clear how quickly it will be possible to develop a coordinated opinion of the countries participating in the Network in each case. Obviously, each party will try to minimize costs outside its area of interest. The experience of interaction and coordination of positions and decisions between the G7 countries in the Indo-Pacific region, primarily within the framework of Quad, does not give much reason for optimism. In addition, New Delhi's role in the Network is unclear: compared to the G7 members, India is a developing country that acts mainly as a recipient rather than as a donor when interacting with most developed economies, and in this situation, membership in the Network is unlikely to help India to increase its influence in the region.

Also, the expansion of the "Network" at the expense of Europe means that this initiative goes beyond the Indo-Pacific, turning from the potential economic basis of the Indo-Pacific to an instrument to combat the Chinese desire for economic hegemony on a global scale. Such a transformation of this initiative does not contribute to the main task that New Delhi poses as part of its Indo-Pacific concept — the integration of India into the cultural, political and economic space of the Asia-Pacific region. Finally, joining the "Network" — a project with a clearly anti-Chinese orientation — will further narrow down the window of opportunities for India, deprive it of foreign policy maneuver, forcing it to take another step from traditional strategic autonomy towards a full-fledged alliance with the Quad countries.

Conclusion

Summing up, it should be noted that neither mega blocks, nor subregional integration projects, nor the latest infrastructure concepts allow India to solve the main task: to build an economic basis for the Indo-Pacific, that would correspond to its vision.

The best solution to this problem, according to the Indian leadership, could be to form a unified trading system with many centers — India, ASEAN, Japan, China, Russia, Australia, the United States, where all foreign players would recognize India's special interests in the Indian Ocean region and would be ready to open borders to Indian goods and services without demanding the same from India. Not to mention the fact that the creation of such a structure in the modern world is unlikely in principle, it, even if it were formed, will not be able to function in the conditions of the "new Cold War" between the United States and China. As a result, India is likely to try to build at least a relatively sustainable foundation for the Indo-Pacific through a set of bilateral treaties and multilateral structures. Another scenario is possible — India's accession to any mega block or infrastructure initiative, but it is implemented only if the benefits of it outweigh the obvious disadvantages in the eyes of the Indian elites. First of all, the rapid growth of India's economy can be identified as a key criterion for benefits, which will allow it to take a stronger position in the region in the foreseeable future and put on the agenda the issue of revising its role in the regional structure.

Russia could theoretically take the initiative to form a unified trade and economic system, but it is obvious that Moscow does not have enough political and economic power to claim seriously the role of its locomotive. It seems that the most profitable strategy for Russia in these conditions may be to build new mechanisms for interaction with the countries of East, South and South-East Asia, which, together with others, already existing and

potential, will form an integrated economic basis of the Indo-Pacific. We are talking about the development of the Chennai — Vladivostok corridor, attracting Indian, Japanese and Korean investments in Russian infrastructure projects in the Far East, as well as the development of joint projects in the Northern Pacific region and in the third countries (Laos, Vietnam, Bangladesh, East African states, Syria).

In general, the arisen in the region chaos, which accompanies the restructuring of the system of economic, political and military

relations in connection with the beginning of the “new Cold War,” the creation of new military blocs (AUCUS) and the rupture of the usual production chains as a result of “decoupling,” does not have the best effect on trade and financial processes. However, Russia, relatively poorly involved in the Asia-Pacific economy, can take this opportunity and, thanks to cooperation with key actors, primarily India, can strengthen its position by expanding its presence in the region.

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