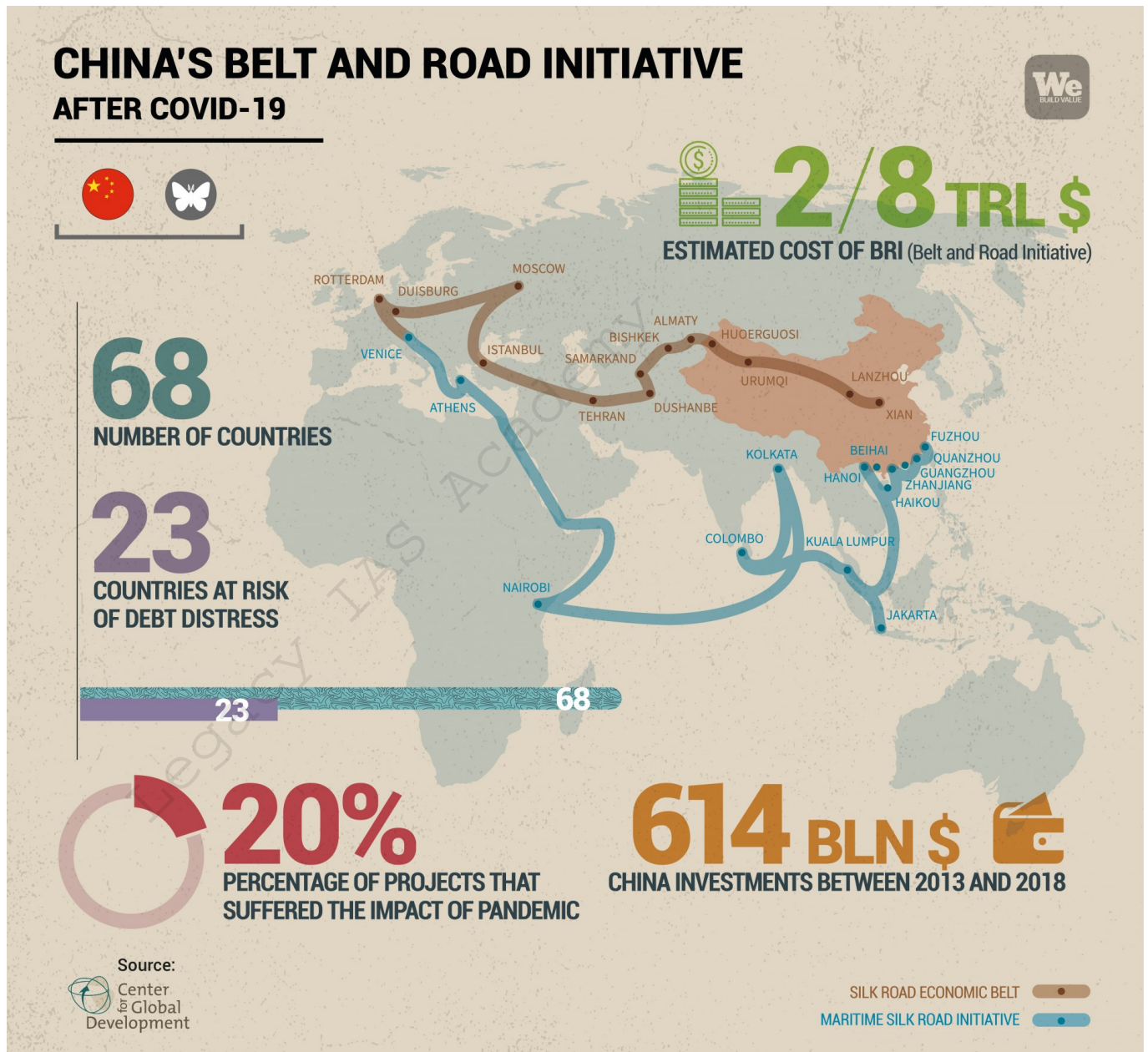




## China's Status on Belt and Road Initiative in South Asia



### Context:

At the recently concluded summit of G-7 leaders in Germany, U.S. President Joe Biden and his allies unveiled their \$600 billion plan called the Partnership for Global Infrastructure and Intelligence which is being seen as a counter to China's Belt and Road Initiative (BRI), valued at a trillion U.S. dollars by some experts.

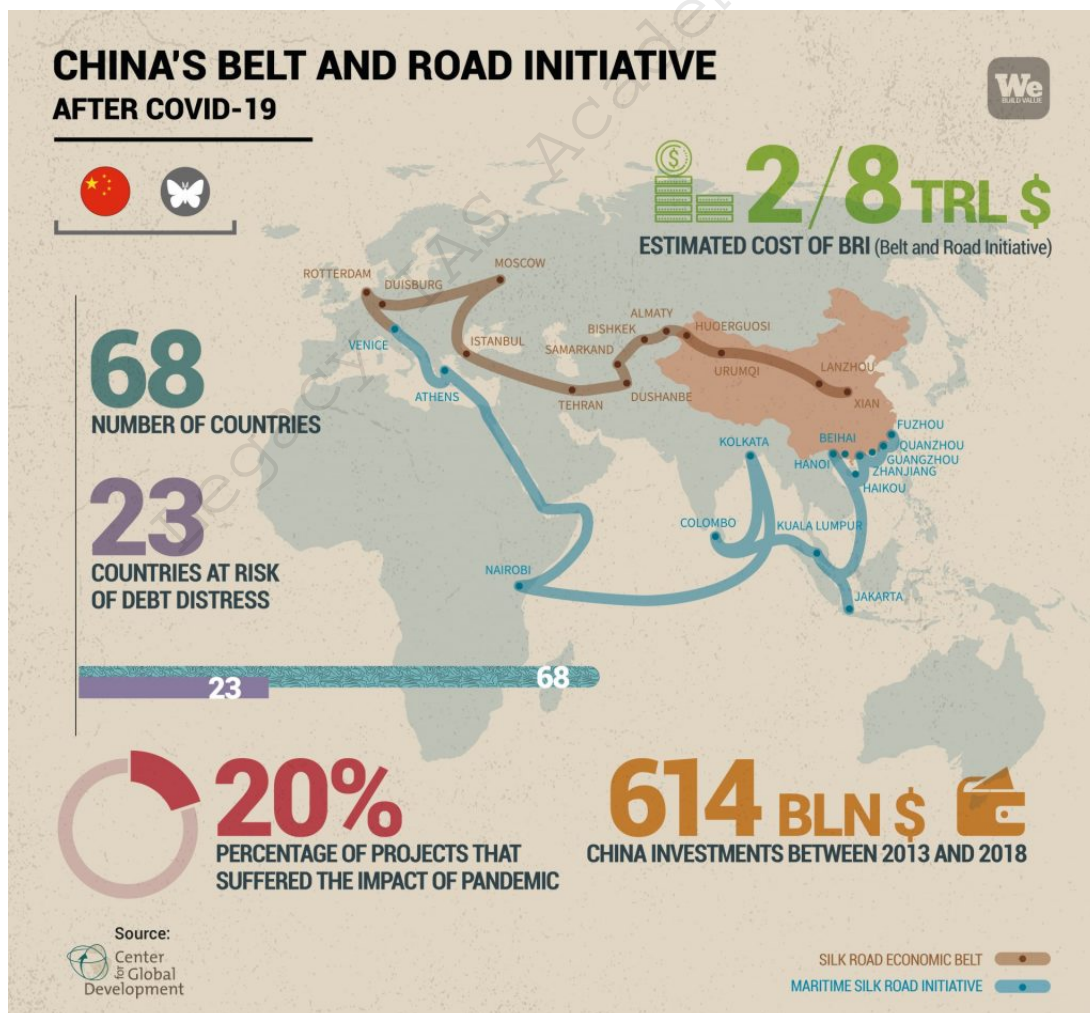
### Relevance:



**Dimensions of the Article:**

1. What is China’s Belt and Road Initiative?
2. BRI’s investments in Pakistan
3. What about Sri Lanka?
4. Are there projects in Afghanistan?
5. How have projects from India and China progressed in Maldives?
6. What about Bangladesh?

**What is China’s Belt and Road Initiative?**



- In 2013, Chinese President Xi Jinping, during his visits to Kazakhstan and Indonesia, expressed his vision to build a Silk Road Economic Belt and a 21st Century Maritime Silk Road, to break the “bottleneck” in Asian connectivity.
  - This vision led to the birth of the BRI.
  - The initiative envisioned a Chinese-led investment of over \$1 trillion in partner countries by 2025.



- More than 60 countries have now joined BRI agreements with China, with infrastructure projects under the initiative being planned or under construction in Asia, Africa, Europe, and Latin America.
- To finance BRI projects, China offers huge loans at commercial interest rates that countries have to pay within a fixed number of years.
- The west has accused China of debt-trapping by extending “predatory loans” that force countries to cede key assets to China.
- However, research indicates that low and middle-income countries are often the ones to approach China after not being able to secure loans from elsewhere.
- In recent years, the BRI seems to have experienced a slowing down as annual Chinese lending to countries under the initiative slimmed from its peak of \$125 billion in 2015 to around \$50 to 55 billion in 2021.

## BRI’s investments in Pakistan

On his 2015 visit to Pakistan, Mr. Xi and then Pakistan Prime Minister unveiled the BRI’s flagship project and its biggest one in a single country — the China Pakistan Economic Corridor (CPEC).

### China–Pakistan Economic Corridor (CPEC)



- China–Pakistan Economic Corridor (CPEC) is a collection of infrastructure projects that are under construction throughout Pakistan since 2013.
- CPEC is intended to rapidly upgrade Pakistan’s required infrastructure and strengthen its economy by the construction of modern transportation networks, numerous energy projects, and special economic zones.



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- On 13 November 2016, CPEC became partly operational when Chinese cargo was transported overland to Gwadar Port for onward maritime shipment to Africa and West Asia.
  - A vast network of highways and railways are to be built under the aegis of CPEC that will span the length and breadth of Pakistan.
  - At the centre of the CPEC was the \$700 million development of the city of Gwadar into a smart port city that would become the “Singapore of Pakistan”.
  - Gwadar is strategically important as it is an hour’s drive from Iran and less than 320 km from Oman.
  - According to the master plan for Gwadar’s development under BRI, approved in 2020, it would increase the city’s GDP to \$30 billion by 2050 and create over a million jobs.
  - CPEC passes through the disputed region of Kashmir where Indian and Pakistani border guards have occasionally exchanged fire across the Line of Control. The Government of India, which shares tense relations with Pakistan, objects to the CPEC project as upgrade works to the Karakoram Highway are taking place in Gilgit Baltistan; territory that India claims as its own.

### Coal plants

- While coal plants set up and managed by Chinese firms did help improve the power situation in Pakistan, former Prime Minister Imran Khan sought renegotiation of payments to China in 2020 alleging that Chinese companies had overcharged the country by \$3 billion.
- In May 2022, Chinese power firms operating in Pakistan threatened to close down if the latter did not pay dues worth 300 billion in Pakistani rupees (approximately \$1.5 billion).

### What about Sri Lanka?

- In Sri Lanka, multiple infrastructure projects that were being financed by China came under the fold of the BRI after it was launched in 2013.
- The island nation in the last couple of years has witnessed competition between India and China in port terminal and energy projects.
- In 2021, Colombo ejected India and Japan out of a deal to develop the East Container Terminal at the Colombo port and got China to take up the project.
- It then awarded the project for the Western Side of the Terminal to the Adani Group.

### Hambantota port:

- Some BRI projects in Sri Lanka have been described as white elephants — such as the Hambantota port, a deep seaport on the world’s busiest east-west shipping lane, which was meant to spur industrial activity.
- The port had always been secondary to the busy Colombo port until the latter ran out of capacity.



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- The Sri Lankan government took \$1.4 billion in Chinese loans for the port's expansion.
  - Unable to service the huge loan and incurring \$300 million in losses due to delays, the government handed Hambantota port to a Chinese state-owned company on a 99-year lease in 2017.
  - Other key projects under BRI include the development of the Colombo International Container Terminal, the Central Expressway and the Hambantota International Airport among others.

## Are there projects in Afghanistan?

- Afghanistan has not comprehensively been brought into the BRI, despite a Memorandum of Understanding (MoU) being signed with China in 2016.
- China had promised investments worth \$100 million in Afghanistan which is small in comparison to what it shelled out in other South Asian countries. The projects have not materialised so far and uncertainties have deepened after the Taliban takeover last year.

## How have projects from India and China progressed in Maldives?

- Situated in the middle of the Indian Ocean, Maldives comprises two hundred islands, and both India and China have strategic interests there.
- One of the most prominent BRI projects undertaken in the Maldives is the two km long China-Maldives Friendship Bridge — a \$200 million four lane bridge.
- Most of China's investment in the Maldives happened under former President Abdullah Yameen, seen as pro-China.
  - Over the years, opposition protests grew against the large borrowing from China and Mr. Yameen was defeated in 2018.
- The Maldives' current regime of President has tried to distance itself from the BRI, focusing more on its 'India First' policy.
- India has also in recent years sought greater ties with the Maldives under Prime Minister Narendra Modi's 'Neighbourhood First' policy.

## What about Bangladesh?

- Bangladesh, which joined the BRI in 2016, has been promised the second-highest investment (about \$40 billion) in South Asia after Pakistan.
- Multiple studies, including research by the Council on Foreign Relations, show that Bangladesh has been able to benefit from the BRI while maintaining diplomatic and strategic ties with both India and China.
- It has managed to not upset India by getting India to build infrastructure projects similar to BRI in the country.
- In 2016, when the Chinese government promised Dhaka BRI investment worth around



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\$40 billion, India followed up in 2017 by extending a \$5 billion line of credit and economic assistance.

- BRI projects include China-Bangladesh Friendship Bridges, special economic zones, the \$689.35 million-Karnaphuli River tunnel project, upgradation of the Chittagong port, and a rail line between the port and China's Yunnan province.
- However, multiple projects have been delayed owing to the slow release of funds by China.

*Source: The Hindu*

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