



Volume 1: February, 2022

Map source: beltroadresearch.com

This is the first bi-weekly Newsletter from BRIWatch which not only aims to give readers an overview of China's BRI but is also designed to provide snippets of investments made in South Asia.

## Growing Global Influence of China

China's growing global economic influence is playing a major role in reshaping the world as under its flagship program 'One Belt, One Road', widely known as Belt & Road Initiative (BRI) has given the country a hegemonic position in Eurasia, Central Asia, South Asia & Africa. It is a transcontinental longstanding project, policy and investment platform which aims at infrastructure, growth, and acceleration of the economic integration of countries along the route of the historic Silk Road.

## BRI & South Asia

Despite going from Eurasia to Africa, the major states of BRI lie in South Asia as it is the intersection point where the maritime connects continents – Europe, Africa and Asia via land and the Indian Ocean. By constructing overland routes under BRI, China ensures its access to the Indian Ocean and a secure energy supply. The transcontinental scale of the BRI poses security concerns in the region as it threatens the sovereignty of states, produce corruption and social tensions like environmental unsustainability and non-traditional religious insurgencies in South Asian countries. The participating countries and economies in South Asia face infrastructure and policy gaps, whereas, the ports built under BRI can be used for civil-military purposes. With the launch of the Belt and Road Initiative (BRI) in 2013, China seeks to promote connectivity via network of trade and infrastructure. BRI, symbolizing the spirit of ancient silk road, aims to connect China with Europe, Asia and Africa via land and sea routes. So far, 139 countries have joined BRI.

# BRIWatch: a one-stop, open-access platform hosting credible information on BRI



Under BRI, China has massive political and economic gains to yield – besides strengthening domestic capacities and avoiding external involvement, China gains the advantage of attaining soft powers in countries it is extended to. However, there is also a concern regarding the underutilization of infrastructure projects which can cause more harm than good.

The BRIWatch is thus a CSO-led platform for mobilizing support to holding governments accountable for widening socio-economic disparities and marginalization under Chinese-funded projects, and also creating an enabling environment for foreign influence at the cost of indigenous communities' wellbeing.

While the progress of BRI will unfold in time, there is a need to compile a depository of the investments made in participating economies in South Asia and a thorough assessment of their progress all along. For the reason being, BRIWatch has been established as an one-stop online platform that aims to provide credible information to monitor pro-people progress on BRI while being an open-access platform.

BRI Watch aims to raise public awareness among academia, media, civil society organizations and policy makers on BRI projects in the South Asia region. I4C South Asia Hub's BRI Watch team tends to design and implement the BRI monitoring framework to include multiple sources - i.e. academic journals, conventional media, social media and civil society research think tanks. The areas to focus under BRI will be related to China's investment in energy, information and communication technologies (ICTs), roads and railroad infrastructure, the establishment of Special Economic Zones (SEZs), real estate and the social sector including education, health, agriculture, tourism and others.

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## Outline of investments in South Asian countries

### PAKISTAN

The Pak-China strategic cooperative partnership seems exemplary in South Asia. To further strengthen this relationship and improve the socio-economic status of the people on both sides, an MoU on China-Pak Economic Corridor (CPEC) was signed on 5th July 2013, in Beijing. CPEC, the flagship project of China's Belt and Road Initiative (BRI), formally launched in 2015 with \$45 billion. With time, its scope expanded to approximately \$60 billion. CPEC aims to promote regional connectivity, industrial cooperation, socio-economic development, agriculture cooperation and human resource development. It entails public sector development, 9 Special Economic Zones, mega energy and infrastructure projects. Several projects under CPEC have been completed, with Gwadar Port acquiring the pivot position in the region. So far, nine out of twenty-two energy projects had been completed in Pakistan. The work on selected four out of nine SEZs is in progress. To sum it up, CPEC does not cover all Sino-Pakistani infrastructure efforts that can be seen as fostering BRI goals. Overall the bottlenecks in achieving economic and social stability, CPEC is contributing to economic distress in Pakistan.

### BANGLADESH

Like other developing countries, Bangladesh is also ardent about expanding its infrastructure and socio-economic welfare. Regardless of being vetoed by China for UN membership in 1972, the country reordered its strategic priorities and joined BRI in 2016. China and Bangladesh have signed 27 agreements and MoUs worth \$24 billion to promote cooperation in the energy and infrastructure sector so far. Currently, nine projects are running under the BRI in Bangladesh, including the mega project of the Padma Bridge Rail Link, Bangabandhu tunnel under the Karnaphuli River, and Dasher Kandi Sewerage treatment plant. In a recent development, it is pertinent to note that recently China has maintained that it shall no longer consider projects with high pollution and high energy consumption, such as coal mining and coal-fired power stations. Currently, the BRI investment in the country value is around \$10 billion but in total Bangladesh is set to receive \$26 billion for BRI projects and \$14 billion for joint venture projects, totally to \$40 billion package.

## NEPAL

BRI provided Nepal with a significant opportunity to become a land-linked country which has its cost on the environment and social wellbeing to pay. Nepal formally joined the BRI on May 12, 2017. Both Nepal and China have identified nine of the projects i.e. upgrading the Rasuwagadhi-Kathmandu road; Kimathanka-Hile road construction; road construction from Dipayal to the Chinese border; Tokha-Bidur road; Galchhi-Rasuwagadhi-Kerung 400kv transmission line; Kerung-Kathmandu rail; 762MW Tamor hydroelectricity project; 426MW Phuket Karnali hydroelectric project; and Madan Bhandari Technical Institute. BRI is not limited to physical connectivity or energy/infrastructure development but it has improved cross-cultural communication and contributed to the social sector advancement. Currently, apart from offering scholarships and training, BRI promotes academic collaboration to produce skilled manpower who can further work for the prosperity of both countries. Overall a multi-billion dollar investment is being pledged in Nepal by China under BRI. Despite pledging to participate in CPEC, Nepal is facing delays in implementation of BRI due to internal disputes, public grievances and environmental challenges.

## INDIA

India is the only South Asian country that has refrained from joining China's BRI despite its insistence. Amid Indo-China historical border conflict, the bilateral trade and economic relations have been strengthened over time. The international trade volume between the two countries reached \$102.29 billion, exceeding the milestone of \$100 billion for the first time in 2021. However, the Indian government has categorically rejected China's proposed BRI underlining the sovereignty concerns. The state officials from India lamented that BRI has ignored the state's sovereignty and territorial integrity with the launch of CPEC.

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## SRI LANKA

While reiterating its support to BRI in 2016, Sri Lanka agreed to promote mutually beneficial cooperation for the socio-economic development of both countries. They intend to use Maritime Silk Road (MSR), part of BRI, as an opportunity to further promote infrastructure development, joint ventures, Free Trade Agreement (FTA) negotiations, cooperation in the field of science and technology, economy, culture, and people-to-people contacts. The mega BRI infrastructure projects in Sri Lanka include the development of Hambantota Port and Colombo port city development. Besides, there are connectivity joint ventures including Extension of Southern Expressway Project (ESEP), Colombo-Katunayake Expressway etc. It is said that the cumulative value of Chinese infrastructure investment in Sri Lanka is amounted to USD12.1 billion between 2006 – 2019, whereas, the Hambantota Port has yet to prove itself as a lucrative deal.

## MALDIVES

Maldives welcomed the BRI during the 1st meeting of the China-Maldives Joint Committee on Trade and Economic Cooperation (JCTEC) in 2014. Both countries agreed to jointly promote the construction of the Maritime Silk Road (MSR) under the framework of JCTEC, setting out the roadmap for future cooperation. The major infrastructure projects include Male International Airport and China-Maldives Friendship Bridge. Under the social sector development of BRI, China pledged to help thousands of Maldivian families to improve their living conditions by building over 10,000 housing units. However, Maldives GDP is \$4.9 billion, whereas the Chinese debt under BRI is somewhere between \$1.1 – \$1.4 billion which has to be repaid between 2022-23. There are serious concerns around Chinese investments in the country and have been debated at length in the parliament.

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## BHUTAN

Despite not having established formal bilateral diplomatic relations, Bhutan has appreciated the Chinese developments and positive outcomes of the BRI. The Chinese government has invited Bhutan to join BRI and share the development dividends of this mega project. Seemingly, the territorial conflict has impeded the establishment of diplomatic bilateral relations. Nevertheless, last year both signed an MoU on a three-step roadmap to expedite delayed boundary dialogues. This territorial negotiation would be useful for BRI's regional expansion and the development of China's border region.

## AFGHANISTAN

The previous government in Afghanistan has regarded China as an important partner. In 2013, the strategic and cooperative partnership between the two flourished. China continued to provide humanitarian aid and supported the peaceful reconstruction of Afghanistan. Following the fall of Kabul, China was the first foreign country to pledge emergency humanitarian aid. However, Afghanistan joined the BRI back in 2016 and hinted at the establishment of the 'Sino-Afghanistan Special Railway Transportation Project' to promote regional connectivity. Several joint academic activities and site visits have been held in both countries under the BRI. Both countries have also initiated a fibre optic link via the Wakhan Corridor in the Badakhshan Province of Afghanistan. China, already linked to northern Afghanistan via Special Railway Transportation Project and the Five Nations Railway Project, aims to connect with the southern part via CPEC, in a mutually beneficial arrangement. It is said that as the US departed Afghanistan, the newly formed Taliban government there is looking to China for major investments, however, analysts anticipate that Beijing would draw a cautious line.