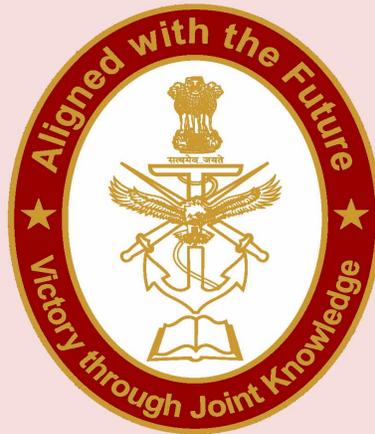


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CHINESE BRI SCHEME: EXPLOITATIVE CONCEPT AND ITS FAULT LINES

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Belt and road Initiative (BRI) involving more than \$ 1.2 trillion is the biggest political investment by China in the recent times for the purpose of her global economic expansion, albeit at the cost of weak and impoverished countries spread across the third world geographical span. The concept is seemingly exploitative in its construct wherein Chinese benevolence is bestowed by allurements of loans for the infrastructure, power and industrial hubs as a catalyst for their economic growth. Whereas, such development schemes in these countries actually facilitate the Chinese economic purposes and connectivity to the ports and other transport terminals leading to her markets across the world.

Therefore, the BRI by no way has anything to do with philanthropic outreach of a rich country to the poor nations extending a helping hand to prop up their economic growth. **The case would have been different, had China considered granting financial aids and technical support to these countries for similar objectives, instead of loans under stringent conditions and politically opaque terms.** It is a shrewd business model

wherein the host country is convinced that developed infrastructure would facilitate employment generation, better connectivity which they need for their economic growth, plus additional advantage of handsome transit revenues in longer run bailing them out of their poverty. The idea obviously sounds good to the gullible politicians, who in pursuit to resuscitate economy and saving their own political turfs, have fallen for Chinese bait on its face value without realizing the sinister self serving designs of China in it.

At the end of the day it is a politico-economic bonanza for China by investing their surplus money and population in a most imaginative and productive manner. They will earn hefty amounts through interest on the loans and at the same time create infrastructure for Chinese trade and manufacturing hubs cutting down logistics costs, thereby retain their cutting edge in price sensitive global markets. To do that, it would be the Chinese people who would be employed for construction as well as their subsequent management, thereby ensuring long term employment of their population.

Add to above, is the notion of making the host countries politically subservient for enhancing Chinese strategic pull and concomitant ascendancy in their geo-political stature. Not to forget, that the China has aspirations of becoming a world power, and in that the BRI is one of the media to attain domineering position on the world stage through her economic prowess. **Apropos , China seem to be desperate to achieve their objectives which is reflective in her cultural hubris and insecurities when hyphenated with their conduct in South China Sea, quest for bases in Indian Ocean Region , political unilateralism and concomitant coercive diplomacy.**

It is a well thought through scheme focused on serving the Chinese interests beautifully camouflaged and packaged to win the hearts and minds of the impoverished who are desperate to sustain their economic buoyancy. **However, there are signs of unease amongst few nations, now that game plan is getting exposed in the fifth year of its existence.**

Sri Lanka is the case study to showcase the Chinese exploitative model reflective of their political deceit and duplicity. It is being studied by the countries who have opted to join the BRI band wagon and are gradually getting more vocal on the silent provisions of the scheme which are not in the public domain in most of the member countries. Malaysian President Mahathir has taken a lead in cancelling \$ 23 billion rail and pipeline projects under BRI on the premise that, these are neither required in the first place for Malaysia, nor they are in a position to repay such heavy loans. Looking at the similar debt

burden amongst few other BRI loan recipients, the IMF has reported have issued warning to these countries.

Earlier even in Pakistan which is the biggest supporter of China, has withdrawn her request to include the \$14-billion Diamer-Bhasha Dam in the China-Pakistan Economic Corridor (CPEC) framework after Beijing placed strict conditions including ownership of the project. It was obviously to acquire legitimacy to ensure control over the power generated for their own industry being planned to be established on Pakistani soil. Pakistan is perilously close to a balance of payments crisis due to \$ 60 billion CPEC projects for which IMF seem to be reluctant to extend a bail out to them unless there are structural reforms and disclosure of terms of Chinese loans.

The Nepal government has also said "no" to China to build the Budhi Gandaki hydro electricity project for generating 12 mw power at the cost of \$ 2.73. This project was part of BRI and was awarded to a Chinese firm by the previous Pushpa Kamal Dahal 'Prachanda' - led dispensation in 2016. Similarly Indonesian \$ 5.5 billion Jakarta-Bandung rail project is also has been stalled over such heavy costs. Even Myanmar is also having second thoughts on progressing few projects in their area. Overall, 14% of BRI projects are reported to be under some problem or other which is indicative of something amiss in the entire scheme.

While the BRI concept has number of positives, but at the same time it has conceptual flaws which are bound to impact on its success in the longer run. To start with, **investing in areas beyond Chinese sovereign control would always have a degree of unpredictability due to varied political views and opposition due to internal political dynamics in the host countries.** Moreover, there is no surety of its continuation in case the political dispensation changes who were against this scheme at the time of signing the contract. The entire scheme has been conceptualized on the presumption that once a country accepts Chinese plan, it would continue for posterity, but, that may not always be the case, **Hence, space exists even for its rejection all together under certain compelling circumstances within the country, or due to external pressures.**

The scheme is contingent on loans being given on the premise that the host countries would repay on a later date. However, in case of default there are fair chances of the money not coming back altogether in case of certain countries under certain circumstances. China in such a situation can only pressurize them in case these countries happen to be crucial to Chinese flow

of goods and services. If China resorts to any punitive overture, then there are fair chances of such countries resorting to alternate options including joining rival group to increase their political leverages. **In case of Pakistan , who is not in a position to repay the Chinese loans as on date due to her economic situation, China has little choice but to wait out as they need Pakistan more than what Pakistan needs them for their flag ship project CPEC.** In case of Sri Lanka, they have taken large tracks on lease for 99 years in lieu of repayment of loans, but it has sent a negative signal to other recipients as it has implications in sovereignty domain.

The success of the BRI scheme is dependent on security situation in the regions where it has been planned. Incidentally, the main stay of the BRI is communication net work happens to be through Af-Pak and Central Asian region for connectivity with the Indian Ocean and Eurasia and Africa. It is one of the most disturbed region of the world as of now. In that, CPEC is strategically important as it provides option to avoid sea routes in the Indo-Pacific for Chinese energy security and trade with Asia, Africa and Europe with comparative ease.

Whereas, the inimical security situation within Pakistan as well as in Afghanistan is impacting on CPEC in a big way. Moreover, the 40 plus Eurasian countries who are part of CPEC band wagon are also impacted as unless Afghanistan is stabilized there is no way they can use this corridor. This in turn is impacting on Pakistani economy as revenues from the transit taxes are unlikely to come their way soon. Therefore, security uncertainty is another factor which is not in favour of the Chinese BRI scheme.

Another fault line is Chinese presumption of their ability to retain competitive edge in the price sensitive international markets which has been their niche area so far . The BRI scheme in its concept has been designed to facilitate this edge by cutting down the cost of manufacturing and logistics by relocating the factories closer to the markets. However, **China probably had not taken the likely counter measures by competing trading nations against such an aggressive Chinese economic campaign.** The US has moved out of WTO and known to have invoked restrictive policies impacting on trading advantages enjoyed by China so far. A trade war has already started which is going to impact on Chinese economy. **Accordingly, the utility of Chinese efforts to initiate the BRI scheme seem to be getting diluted by the day.** Only time would tell as to what has been the 'return on investment' in case of Chinese BRI plans.

The China with her single minded selfish economic interests probably have ignored the basics of market dynamics and environmental realities of geo-politics and concomitant economic fundamentals. The BRI is no doubt militates against the established economic equilibrium wherein China seem to be in pursuit of crossing the economic heights all alone at the cost of those who are not in a position to retaliate and in face of well established big consortiums who have leverages to control the world economy. Moreover, the scale and scope of the project is so large which requires herculean task to manage especially in an unsettled political environment and that too beyond Chinese sovereign control.

The China seem to have chewed more than what they can swallow by trying to spread their tentacles across the world without being a world power. They are trying to occupy a strategic space which is unlikely to be given to them purely on current economic buoyancy. The surplus forex which is the raison' d'atre' of their political hubris is courtesy revenues from manufacturing outsourced to them by the western countries. If it is removed from their economic model, it would be a matter of time that China would lose her financial clout and political say in the world affairs.

The BRI scheme lacks notion of equality, besides overbearing and insensitive attitude of China towards its other participants. The scheme is based on unrealistic presumptions with traces of exploitation and self centred Chinese exclusivity which are bound to impact adversely in its fructification. **It is unlikely to be a smooth ride for China unless they review the scheme and infuse inclusivity and positive environmental synergies taking economic interests of other stake holders in account.**

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