



Discussion Paper
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China and the Belt and Road Initiative in South Asia

Manjari Chatterjee Miller

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CONTENTS

| | |
|----|---|
| 1 | Introduction |
| 3 | Background |
| 6 | Pakistan and the BRI |
| 10 | India and the BRI |
| 15 | Small South Asian Countries and the BRI |
| 21 | Policy Recommendations |
| 24 | Conclusion |
| 26 | <i>Endnotes</i> |
| 32 | <i>About the Author</i> |

INTRODUCTION

In 2013 President Xi Jinping announced the launch of two new Chinese connectivity projects: an “economic belt” along the historical Silk Road in Eurasia and a twenty-first-century Maritime Silk Road to expand cooperation between China and Southeast Asian nations.¹ The common theme of both was to increase China’s collaboration and communication with regional nations to bolster mutual development and prosperity.

Over the next decade the Belt and Road Initiative (BRI) became a gigantic infrastructure, trade, and connectivity project, spreading beyond Eurasia and Southeast Asia to regions such as South Asia, the Middle East, and many parts of Africa. Some China watchers argued that the BRI is China’s updated and planned grand strategic vision of its historical Middle Kingdom hierarchy—China centered in a global network of connectivity where all roads (territorial and maritime) lead to Beijing. Others worried that the BRI is China’s strategic plan to gain geopolitical power by making smaller and weaker countries beholden to it indefinitely. Still others cautioned that the BRI, far from being a monolithic and well-planned-out vision, is deeply fragmented by domestic interests, diluting its effectiveness as a unified grand strategy.

These arguments evaluate whether the BRI is a success or failure for China—that is, whether the BRI strengthens China’s geopolitical status and brings it economic benefits. Those factors are important, but they are China-centric. In the end, success also depends on a more neglected consideration—the recipient countries’ perceptions of China and their reception of the BRI.

In South Asia geopolitical strategy and domestic politics can be used to evaluate recipient countries’ perspectives of the BRI. There

is tremendous variation in these factors in India, Pakistan, Nepal, the Maldives, Bangladesh, and Sri Lanka. Each country has a different strategic calculation about the BRI and China dictated by perception of their position in regional geopolitics, and each has competing local actors seeking to co-opt or oppose the BRI for their own ends. The success or failure of the BRI in those nations has been as much if not more dependent on other factors than on China.

Success or failure of the BRI in South Asia can be determined by asking two questions. First, do recipient countries view the BRI as a positive Chinese initiative that brings significant benefits, either political or economic? The BRI and China are seen as synonymous, so positive views of the BRI can not only boost positive views of China but, in theory, also make recipient countries amenable to further cooperation with China. Second, has the recipient country been able to manage the BRI to advance its own domestic agenda? If recipient countries see the BRI as advancing their stated political or economic goals, then they are likely to continue to welcome expanded Chinese investment. Conversely, if they view the BRI as either not delivering on the promise of economic benefits or as leading to significant political side effects, then it can give recipient countries pause. In the long run, this could affect further cooperation with the BRI and China. In South Asia, even if a recipient country sees the BRI and China positively, it has not necessarily also been able to manage the BRI to its satisfaction. Pakistan is one example. Then again, even when the BRI and China are viewed negatively, such as in India, the government has been able to use the specter of the BRI to advance other interests.

The lesson for the United States is that if it seeks to curb China's influence in South Asia, it should pay attention to how potential recipients of this largesse respond to China and the BRI. The United States cannot match the BRI's investments in South Asia, but it can support South Asian countries choosing to cooperate with China, as well as India, the dominant power in the region. If the BRI delivers on its promise of providing connectivity and infrastructure in South Asian countries that sorely need both, it can contribute to domestic stability—a less volatile South Asia is in U.S. interests. The United States can gain stronger partnerships and increased credibility by actively empowering South Asian countries to assess the BRI's merits and demerits, and supporting alternatives for those who opt out, rather than opposing the BRI wholesale.

BACKGROUND

Understanding the evolution of the BRI can illuminate its implementation in South Asia today. When President Xi announced the BRI in 2013, he was not actually announcing a sharp departure from existing policy.² China had already been investing in numerous domestic and overseas infrastructure projects, including in South Asia, for decades.

During Mao Zedong's era, building and investing in infrastructure was seen as crucial for Chinese economic success. The Chinese government focused on building a transportation network in northeast China with a particular investment in railways. During the Cold War era, the Chinese government also occasionally cooperated on infrastructure projects bilaterally, such as the China-Pakistan Karakoram Highway, which both Chinese and Pakistani army personnel helped construct. Under Deng Xiaoping and then Jiang Zemin, government attention moved toward building and developing coastal areas and western parts of China through roads and national highways that would connect inner cities to each other as well as to coastal areas.³ In the early 1990s, with its buildup of domestic infrastructure and turn toward multilateral diplomacy, China also began to undertake multilateral infrastructure projects with its neighbors in Southeast and Central Asia and initiate discussions on other multilateral projects, such as the Bangladesh-China-India-Myanmar (BCIM) economic corridor.⁴

The difference between earlier projects and the BRI lay in the government's plans to scale up its infrastructure initiatives, include multiple sectors in different countries, and direct a staggering amount of investment toward this end. In addition to spearheading new projects, the BRI also brought earlier overseas bilateral and multilateral projects under its umbrella. In South Asia, this meant folding in the BCIM corridor and the Karakoram Highway—which became a centerpiece of the

BRI's China-Pakistan Economic Corridor (CPEC). The sheer amount of money that China was willing to lavish on the BRI was jaw-dropping. Today, China has promised to spend \$1 trillion on the BRI by 2025, and by some accounts, the Chinese government plans to spend up to \$8 trillion on the BRI before 2049, the hundredth anniversary of the People's Republic of China.⁵

The BRI is currently characterized by significant investments in large infrastructure projects. Chinese foreign direct investment is flowing toward a huge number of energy pipelines, electrical power projects, and mineral mining projects and a network of railways, bridges, highways, ports, and border crossings. Because of these projects, the BRI is sometimes designed to spur “economic corridors”—geographic areas with a route along which people and trade move, stimulating economic growth—and free trade agreements with partner countries.⁶ CPEC, for example, is an economic corridor that draws together different infrastructure projects, many in the energy sector, with over \$46 billion in Chinese investments.⁷ In this way, the BRI is designed to bring China both domestic and international benefits. On the one hand, domestic benefits should spur economic development in China's western region, facilitate domestic cohesion, and restructure the Chinese economy. On the other hand, international benefits should include not just forging pragmatic connections, such as securing energy supplies from Central Asia and the Middle East, but also offering a geoeconomic plan of international connectivity networks that place China at the center.

Given the sheer grandiosity of the initiative, debate has emerged about whether the BRI is China's successful grand strategy to attain great power. On one hand, the BRI has been said to be the eventual outcome of what former President Hu Jintao referred to in 2005, at a speech to the United Nations, as China's vision of “common prosperity” and a “harmonious world.”⁸ When Xi Jinping assumed power, he pledged to achieve “the Chinese dream of the great rejuvenation of the nation.”⁹ This rejuvenation, as international relations scholar William Callahan has described, is “a moral narrative that seeks to correct . . . the historical injustice of [China's] century of national humiliation and return China to its rightful place at the center of the world.”¹⁰ The BRI is, thus, the linchpin of a modern Chinese grand strategy—whose foundation was laid by previous Chinese leaders and articulated by Xi Jinping—that is helping China return to the greatness of its past.¹¹ Others regard the BRI more as a global branding strategy for China, in practice a “bottom-up campaign to sell the [Chinese] brand.”¹²

On the other, some scholars argue that centering it around infrastructure has made the BRI's promises difficult to deliver. In this telling, China labors under a misconception that because large domestic infrastructure spurred its own economic development, investing in other countries' domestic infrastructure will do the same and buy China goodwill and grateful partners in turn.¹³ These experts vehemently disagree that the BRI is an organized grand strategy and argue instead that it is a nationalistic but ambiguous policy initiative, where implementation has been piecemeal because of Chinese national and subnational actors who pursue their own interests.¹⁴ Finally, others say the BRI could in theory be a grand strategic project, but, in practice, it is a form of "party craft," that is, it mobilizes lower-level Chinese Communist Party cadres and involves them in national participatory projects that signify their loyalty to the leader, resulting in fragmented implementation.¹⁵

Those arguments about the BRI—its scope, reach, success, and failure—mostly approach analyses from China's perspective. However, flipping the lens and assessing those arguments in the countries where the BRI projects are being implemented sheds further light on the initiative. South Asian countries' varied responses to the BRI show that whether those countries see the BRI as China's grand strategy, as benevolent or dictatorial, or as advancing their domestic priorities, has depended first on their own strategic perceptions of regional geopolitics and external threats, and second on local actors and their domestic interests.

The United States and many Western countries worry that Chinese investment and infrastructure in developing countries will translate into political alignment with Beijing. However, in practice, as in the case of South Asian countries—which are all developing nations—examining those countries in turn to understand their perspectives can clarify success or failure of the BRI. All members of the region's inter-governmental organization, the South Asian Association for Regional Cooperation, are included in China's vision for the BRI in South Asia, but not all members have responded to the BRI in the same way. This has led to different and complex effects of the BRI's implementation and to differing interpretations of its success and failure.

PAKISTAN AND THE BRI

Pakistan's perception of its geopolitical position in the region—the threat from India and the deterioration of the United States-Pakistan relationship—led it to enthusiastically welcome the BRI and successfully shore up public perception in Pakistan of China as a strategically important partner. Yet after seven years, Pakistan has failed to manage many of the projects to produce economic gains, and the BRI has even exacerbated tensions within Pakistan's domestically complex ethnic and nationalist politics, as well as within its elite.

The cornerstone of BRI projects in Pakistan, and indeed the flagship initiative of the BRI itself, is the China-Pakistan Economic Corridor. Established in 2015, CPEC is worth \$62 billion and is meant to connect Southwest China to Pakistan. It comprises four different initiatives. One consists of infrastructure projects such as building the 125-mile tunnel linking China and Pakistan, improving existing highways and railways across Pakistan, constructing a railway track to Kashgar in China's Xinjiang Province, and upgrading airports.¹⁶ A second initiative includes energy projects such as coal plants and gas and oil pipelines, as well as wind, solar, and hydropower projects throughout Pakistan. The third initiative is the development of Gwadar port, meant to be, as Pakistani Ambassador to China Moin ul Haque dubbed it, the jewel in the crown of CPEC.¹⁷ Gwadar is a strategic location for both China and Pakistan on the Arabian Sea, forty-four miles from Iran and less than two hundred miles from Oman—meaning that if China were to route its energy exports to the Gulf through Gwadar, it would save eight thousand miles and provide Xinjiang Province a port much closer than those on China's east coast.¹⁸ All of this activity has led to the fourth initiative: China and Pakistan have created nine special economic zones in Pakistan around the projects.

Pakistan considers its biggest threat in the region, and the world, to be India. Since 1947, Pakistan has fought four wars with India, three of them over the territory of Kashmir, and in 1998, followed India's nuclear tests with its own. Today, the line of control that separates Pakistani- and Indian-administered Kashmir remains a contentious zone with an elevated risk of conflict. Because India considers China its number one adversary, Pakistan calculated that building a friendship with China to balance India would be favorable. In 1963, Pakistan cemented this friendship by recognizing Chinese sovereignty over parts of northern Kashmir and ceding the Shaksgam Valley to China, outraging India in the process. Since then, the China-Pakistan relationship had included primarily close defense cooperation. In the last decade, Pakistan has also seen its relationship with the United States deteriorate. The U.S. withdrawal from Afghanistan in 2021, the widespread American belief that Pakistan is responsible for the rise of the Taliban, and the defeat that American troops faced in Afghanistan have substantially eroded trust in the bilateral relationship. Consequently, Pakistan turned to China as a promising alternative for traditionally U.S.-provided foreign aid and support. Finally, Pakistan desperately needs to promote economic growth, and the BRI and CPEC promise to fill Pakistan's infrastructure gap, bring it critical energy supplies, boost industrial productivity, and create jobs.

Pakistan's view of its geopolitical context and threat perceptions led to a near-full buy-in to the BRI. Chinese investment, the BRI, and CPEC have been welcomed in Pakistan, which is no small feat. For example, decades of U.S. foreign aid did not much improve public perception of the United States and U.S.-led projects in Pakistan—as the most recent Pew public opinion surveys demonstrate, 22 percent of Pakistanis have

a favorable opinion of the United States, as opposed to 82 percent of Pakistanis who have a favorable opinion of China.¹⁹ In 2017, a survey concluded that 72 percent of Pakistanis believed that CPEC would benefit Pakistan.²⁰ Given these imbalanced perceptions, China and the BRI have certainly succeeded in terms of wider public reception, whereas the United States failed in engendering goodwill and strong support in the country.²¹ If all CPEC projects were brought to fruition, then China would gain, particularly through the Gwadar port, a strong and long-lasting strategic footing in South Asia, while Pakistan would be assured of a solid Chinese presence as a bulwark against Indian hegemony in South Asia.

CPEC's implementation, however, has repeatedly stumbled due to local ethnic and nationalist divides, as well as national elite disagreements. Since Pakistan's 1971 dismemberment, when its eastern Bengali-speaking flank broke away, with help from India, to become the independent country of Bangladesh, Pakistan has been acutely sensitive to ethnic and linguistic tensions. Not only do many Pakistani citizens believe local interests lose out to Chinese citizens and companies, but different ethnic interests have also been at loggerheads with each other and the Chinese for a slice of the BRI pie.²²

For example, in Baluchistan, Baluchi nationalists have argued that because Punjabi political parties often dominate federal politics, those parties ensure that CPEC privileges are reserved for Punjab Province and Punjabis rather than Baluchis. Other Baluchis have protested that the Chinese exploit the province's rich resources of natural gas, gold, and copper without any returns for Baluchistan.²³ In 2017, Baluchi nationalist militants kidnapped and killed two Chinese citizens from Quetta, the capital of Baluchistan. In 2021, the Tehreek-e-Taliban, which emerged from Pakistan's Pashtun belt and claims to be an extension of the Afghan Taliban, allegedly bombed a bus carrying Chinese and Pakistani workers to a construction site for the \$4.2 billion Dasu hydropower project on the Indus River in Khyber Pakhtunkhwa Province, killing nine Chinese and three Pakistani citizens,²⁴ while most recently in April 2022, a Baluchi suicide bomber killed three Chinese teachers outside the University of Karachi's Confucius Institute.²⁵ Civil protests have also increased. Ordinary Pakistani citizens, with the help of local politicians, have launched protests against CPEC, such as the 2021 sit-in by thousands of Gwadar citizens, which brought attention to the devastation Chinese deep-sea fishing boats wreaked on the local fishing economy. The protests have also shed light on the harassment of local citizens by Pakistani security forces, who have increased

security in response to the acts of terror against Chinese nationals.²⁶ At the same time, elites have disagreed over “patronage flows”—that is, the Pakistani political elite and military have been divided over which cronies should gain financially from the BRI as well as worried about the imbalance between Beijing and Washington and whether the economic returns on the BRI are worth Pakistan’s borrowing large sums of money from China.²⁷

Exacerbated ethnic and nationalist tensions, combined with Pakistan’s pervasive corruption, have led to failures of important BRI projects. The Main Line-1 railway project, an enormous \$6 billion CPEC venture to upgrade the Karachi-Peshawar rail link, has been stalled for over a year. There are delays in issuing permits for Chinese coal companies to operate in Gwadar. The economic activity generated thus far in Gwadar has benefited mostly Chinese companies and citizens rather than the locals, and the port itself hardly has any shipping traffic.²⁸ Today, China is Pakistan’s largest creditor, and in 2021, Pakistan’s debt to China stood at \$24.7 billion, 27.4 percent of its total external debt.²⁹

INDIA AND THE BRI

India sees China as its biggest geopolitical threat, and any possible benefit of the BRI is outweighed by the fact that it necessitates and contributes to a stronger Chinese presence in South Asia. China has been unable to persuade India to join any BRI project and has failed to change public perceptions in its favor. The expansion of the BRI in South Asia has even spurred India, typically a slow actor, to initiate its own connectivity projects in the region. In the long run, it is difficult to see how the BRI, at its core a connectivity project, could succeed in South Asia without drawing in India, not only the biggest actor in the region but also the only country in the region that is the most geographically connected to the other South Asian countries, as it shares a border with four of the continental countries (Bangladesh, Bhutan, Nepal, and Pakistan) and is the closest in distance to the two island countries (the Maldives and Sri Lanka). Fully developing alternative connectivity projects in the region that bypass the BRI would be a win for India in South Asia.

Despite high volumes of trade, the bilateral relationship between China and India is marred by a serious trust deficit. This can be traced to the unresolved border dispute between India and China, which was the consequence of the Sino-Indian War of 1962. Although for China the border dispute is not central to its foreign policy calculations or geopolitical outlook, India considers the dispute a central focal point and precondition for improving relations—in fact, India cited China, not Pakistan, as its reason for undertaking nuclear tests in 1998. The perception that China is India's most important threat regionally and globally is pervasive in Indian policy, academic, and media circles. Periodic border skirmishes—most recently in 2017 at the tri-junction India-China-Bhutan border on the Doklam Plateau and in 2020 in the

Galwan Valley, which resulted in the first Indian and Chinese troop casualties along the border since 1975—heighten India’s security concerns even more. In addition to exacerbating bilateral India-China tensions, border clashes have accelerated India’s strategic partnership with the United States, with India rushing to sign several security agreements with the country.

India also worries that with the withdrawal from Afghanistan, the United States will no longer have a presence in South Asia and therefore little moderating influence on Pakistan. This is critical for India, which fears a resurgence of Pakistan-funded terrorism within its borders. Although India does not necessarily believe that China condones Pakistan-sponsored Islamist terrorism (given China’s vulnerability in Xinjiang Province), neither does it feel China will publicly condemn Pakistan for it. Moreover, China has exhibited little concern for India’s worries about sovereignty and territorial integrity in Kashmir.

India is the regional hegemon in South Asia. Geography makes it the only country in South Asia to border most of the other countries of the region. It is also demographically the largest country in South Asia, with the largest economy and the most powerful military. It has often taken a paternalistic attitude toward its smaller neighbors and prioritizes maintaining its diplomatic leverage over other South Asian countries. India fears that China will attempt to dominate the Indian Ocean region and transcontinental littorals by exerting pressure on the smaller countries with maritime borders in South Asia such as Bangladesh, the Maldives, and Sri Lanka. Finally, India’s domestic politics in its northeast are volatile. India’s four northeastern states are connected to it through a narrow fourteen-mile corridor, and they also border China. Since 1958, when it imposed the Armed Forces Special Powers

Act in the region, India has been concerned about quelling insurgencies in the region and is deeply worried about Chinese meddling and aid to various insurgent groups.

India's geopolitical concerns and domestic interests make its attitude toward the BRI largely suspicious and hostile, even while it recognizes some of the initiative's benefits. CPEC encapsulates possibly one of the biggest objections that India has to the BRI. On the one hand, India recognizes that a political and financially stable Pakistan is in India's interest. Theoretically, CPEC promises to work toward this goal. On the other hand, CPEC runs through the disputed territory of Kashmir—the Karakoram Highway crosses Gilgit-Baltistan, which is a part of what India calls "Pakistan-occupied Kashmir" (PoK)—connecting it to Xinjiang Province in China.³⁰ This violates a core Indian claim of sovereignty and territorial integrity. In addition, Gwadar port is another thorn; if completed and operationalized, it will link China's landlocked western regions to a port closer than the Chinese eastern coast, offer China access to the Strait of Hormuz, through which about 40 percent of global daily oil trade transits, and also reduce the distance China's energy imports from the Middle East have to travel.³¹ India is also worried about Pakistan's financial dependency on China and how it could translate into political concessions that China could extract from the Pakistani government.

Finally, given India's big-brother attitude in the region, its reaction to BRI projects in its smaller neighboring countries—Bangladesh, the Maldives, Nepal, and Sri Lanka—can be best described as nuanced suspicion. For example, India sees the BCIM economic corridor as possibly beneficial by opening India's northeast region through connectivity routes. Thus, in 2013, India welcomed Chinese premier Li Keqiang to launch the BCIM corridor. However, once the BCIM corridor was folded into the BRI in 2015, Indian attitudes toward it cooled. The Chinese port in Hambantota, Sri Lanka, which became the poster child of China's alleged "debt-trap diplomacy"—that is, extending credit to a vulnerable country for political purposes—presented a huge concern. Not only did it signify Colombo's indebtedness to Beijing, but the port was a red flag symbolizing how the BRI's Maritime Silk Road could also function as China's India-containment strategy. In 2014, a Chinese submarine and warship docked in Colombo Harbor (a mere 152 nautical miles separate Colombo from India's southernmost port, Thoothukudi), prompting the Indian government to register its concerns with the Sri Lankan government. In Nepal, India is worried about China's proposed

Trans-Himalayan Economic Corridor (THEC), which began as a bilateral connectivity corridor between Kathmandu and Beijing, but later transformed into a trilateral proposal when China, aware of the difficulties posed by the natural geographic barrier of the Himalayas, invited India. India has evaded the proposal because it would likely reduce Nepal's reliance on Indian ports for trade and the transit of goods.³² BRI initiatives in the Maldives, such as the Sinamale Bridge or the China-Maldives Friendship Bridge, could symbolize growing ties between Male and Beijing, and India frets that this tiny island nation could offer a maritime base for China in exchange for investment. Finally, in the northeast region, India perceives that China's connectivity initiatives could offer economic benefits through cross-border trading routes to a part of India that is not only geographically but politically distant and economically underdeveloped. However, China's alleged "meddling" in the various insurgencies, as Indian National Security Advisor Ajit Doval put it, means that even if local groups and interests would welcome an infusion of cash and infrastructure from the BRI, the Indian government would not.³³

India's concerns have meant that the BRI has failed in India. China has repeatedly attempted to draw India into various connectivity projects, such as the BCIM corridor and the THEC, without much success. In 2017, not a single Indian delegate attended the first BRI forum in Beijing. Nor did India attend the second forum in 2019. India's refusal to buy into the BRI remains one of the biggest obstacles to China's and the BRI's success in South Asia. Simply put, India's geographic location is such that a region-wide initiative to build and boost connectivity in South Asia, placing China at the center, is not feasible in the long run without some Indian involvement. Moreover, India continues to maintain capital with its smaller neighbors, which are geographically much closer to India than China. For example, in 2017, in deference to Indian concerns, Sri Lanka refused to allow another Chinese submarine to dock at Colombo.³⁴ Paradoxically, in some ways, even though the BRI has not been a success *in* India, it has been a success *for* India. In response to the BRI, India, which is often slow to pivot on foreign policy issues, has ramped up its own connectivity initiatives: Prime Minister Narendra Modi has devoted considerable time and energy to a "Neighbourhood First" policy, including investing in India's neighbors, such as the Maldives, where it is funding a Greater Male Connectivity Project by providing a \$100 million grant and a \$400 million loan; rebooted the failed "Look East" policy of the 1990s to "Act East" to facilitate connectivity between India and Southeast Asian nations; launched

the Security and Growth for All in the Region initiative to boost maritime diplomacy and cooperation between Indian Ocean Region (IOR) states; and spearheaded the Mausam (monsoon) initiative to link historical trade partners and establish an “Indian ocean world.”³⁵ In a nutshell, India is the largest factor currently standing between China and the BRI’s domination in South Asia.

SMALL SOUTH ASIAN COUNTRIES AND THE BRI

The smaller South Asian nations—Bangladesh, Nepal, Sri Lanka, and the Maldives—have had a range of responses to the BRI.³⁶ The commonality between them is they each have to be sensible of and sensitive to the power dynamics between China and India. Moreover, each country has local actors that not only are affected by these same power dynamics but also push their own interests. The BRI has had the biggest success in Bangladesh, which not only perceives it positively but also has been able to manage the BRI and balance its geopolitical concerns about China and India, and received investment largesse from both. The Maldives is the least enthusiastic of the small countries toward BRI, not simply because of geopolitical pressure from India but also because of domestic groups, and it has distanced itself from the BRI and China. Nepal and Sri Lanka fall in between. Nepal welcomed the BRI as an alternative to its forced overdependence on India but faces serious constraints in utilizing BRI to promote economic or political benefits. Sri Lanka also welcomed the BRI, but the case of the Hambantota port in 2017 dealt a serious blow to China's reputation and the BRI globally, even as the Sri Lankan government at the time continued to defend China. Sri Lankan local actors have pushed back on BRI since then but have also been able to gain from the BRI with infrastructure projects meeting local needs.

Bangladesh is the small country that has managed the BRI the best, by pursuing a relationship with China while being sensitive to India's core interests.³⁷ This involves its efficient management of the relationship between China and India, and of domestic interests. The BRI has succeeded in Bangladesh in that it enjoys a positive reputation in the country, and that Bangladesh has used the BRI to extract investments not just from China but also from India. Bangladesh and its connections

to the BRI center primarily on a connectivity project, the BCIM corridor, that purports to draw together not just China and Bangladesh but also Myanmar and India. The region encompassed in the BCIM corridor is extremely resource rich, and its trade potential is huge, estimated at about \$132 billion.³⁸ However, given India's reluctance, Bangladesh, China, and Myanmar could alternatively construct one-fourth of the proposed area that would connect Chittagong and Kunming through Myanmar. China is also funding several projects in Bangladesh with investments totaling over \$10 billion, including a number of China-Bangladesh friendship bridges, power plants, an international exhibition center, and an economic zone.³⁹ Bangladesh has also asked China for approximately \$9 billion in loans for other projects, such as a new railway track from Joydebpur to Mymensingh as well as expressways and tunnels.⁴⁰

Bangladesh has a historical relationship with India, as the latter supported Bangladesh's rebellion against Pakistan and helped it become independent in 1971. Although opinions differ in Bangladesh about whether this should result in closer ties with India, Bangladeshis are cognizant of India's positive role in their history. Particularly, under current Prime Minister Sheikh Hasina and the Awami League Party, a proactive emphasis has emerged on Bangladesh's "friendship toward all, malice toward none" policy.⁴¹ Thus, although the relationship has encountered some obstacles, including over the issues of water sharing, illegal immigration, and drug trafficking into India, it has also enjoyed several high points. The two countries have cooperated on territorial agreements (such as the 2015 Land Boundary Agreement), bilateral and South Asian connectivity projects (granting India's northeast transit access to Chittagong port and the Bangladesh, Bhutan, India, and Nepal Motor Vehicles Agreement in 2015), and boosting trade in their border areas.⁴² At the same time, Bangladesh has long been cognizant of overdependence on India. It has built a robust military relationship with China—between 2016 and 2020, 17 percent of all Chinese military exports went to Bangladesh—and the two countries upgraded their relationship to a strategic partnership in 2016.⁴³ Thus far, Bangladesh has accepted aid, loans, and investments from both India and China. Although Bangladesh needs Chinese investment in its infrastructure and energy projects (power outages are a huge issue in Bangladesh), it has avoided outraging India by offering political cooperation not only on the border and territorial disputes, but also on exploring a comprehensive free trade agreement.⁴⁴ Finally, domestic interests on the BRI come into play in Bangladesh on two push-and-pull factors. First, the

Bangladesh Nationalist Party, traditionally hostile to India, currently forms the opposition. Second, India has supported Bangladesh on the Rohingya refugee crisis spilling over from Myanmar into Bangladesh, while China has supported Myanmar.

The result of these factors is that overall, the BRI can be said to be successful in Bangladesh. Bangladesh needs Chinese infrastructure and investment, and China and the BRI enjoy supporting views among Bangladeshis. However, Bangladesh has succeeded in attracting China without incurring India's hostility—indeed, by co-opting India into similar parallel projects and investments in Bangladesh. In an amazing win for Bangladesh, in 2016, the Chinese government offered a \$38 billion economic package to the country, immediately followed by the Indian government extending a \$5 billion line of credit plus economic assistance.⁴⁵

Nepal sees many benefits to the BRI and has warmly welcomed it in the country as an alternative to dependence on India. This has been modestly tinged with some worry about China's increasing ideological influence in the country. However, in terms of Nepal's geopolitical and domestic priorities, which include receiving aid and trying to find transit mechanisms, other than India, for goods and services, the outcome of the BRI has been mixed. Nepal was one of the first countries to join the BRI after it was announced in 2015. Negotiations for Nepal to join the BRI began in 2015, and it officially signed on by May 2017. The BRI in Nepal encompasses both connectivity and infrastructure. The most important connectivity project is the ambitious THEC, which proposes to link Kathmandu and Beijing through not just roads but also rail. The proposed Kyirong-Kathmandu railroad worth \$2.15 billion is just one of many projects under the THEC.⁴⁶ By cutting a swath through the Himalayas, the BRI would make Nepal a “transit economy” or the southern conduit for trade between China and South Asia. In addition to connectivity, China has also committed to developing hydropower projects, border facilities, oil storage facilities, and a feasibility study to research oil and gas resources in Nepal.⁴⁷

Nepal's attitude toward China and the BRI has been influenced by three factors. First, Nepal worries about its overdependence on India. It is landlocked by India on three sides, meaning it continuously looks to India for trading and movement of goods. Moreover, India has a history of punitive meddling in Nepali internal politics with what has been termed a “suzerain's mentality.”⁴⁸ In 2015, the relationship between the countries hit a nadir when India imposed a trade embargo just two months after two devastating earthquakes. The embargo, which

was imposed to express the Indian government's displeasure at the new Nepali constitution, stopped oil and other essential supplies from crossing the border into Nepal as the country was recovering from ruin. Second, Nepal has drawn closer to China, with which it shares a border on its fourth side. Not only did China offer massive donations after the 2015 earthquakes and post-earthquake reconstruction, but it also offered rescue and medical groups along with disaster relief. Third, Nepal's political system and interests have at important points favored China over India. The Nepal Communist Party has traditionally been pro-China, and in 2015, a communist party politician, KP Sharma Oli, became the new prime minister and subsequently promoted a comprehensive partnership with China.⁴⁹

Because of these factors, attitudes in Nepal toward the BRI range from "lukewarm to positive."⁵⁰ China has certainly made inroads in Nepal, but some small murmurs of discontent are also audible. The little disquiet that does exist derives from China's ideological influence and its pro-Communist Party stance. For example, when Xi Jinping visited Nepal in 2019, the Nepal Communist Party organized conferences on "Xi Jinping thought." Mandarin has become compulsory in schools across Nepal.⁵¹ Yet, Nepal also faces the real constraints of implementing BRI projects, especially building highways and railroads around the formidable Himalayas, or agreeing to projects that India opposes. For example, the Kyirong-Kathmandu railway, which aims to extend China's Qinghai-Tibet railroad to Nepal's border, needs the construction of multiple tunnels and bridges and could cost up to \$2.7 billion.⁵² Moreover, in response India leaned on Nepal to fast-track a rail connection between Kathmandu and the Indian border with tracks of a different gauge to prevent China from bringing its own railway up to India's border.⁵³

Sri Lanka became perhaps the best-known case of China's BRI expansion in South Asia when, in 2017, it could not repay loans to China and was forced to lease China the port of Hambantota. This development, some say unfairly, made Sri Lanka the poster child of accusations that China was engaging in debt-trap diplomacy through the BRI.⁵⁴ Hambantota was a serious reputational hit for China and the BRI globally. However, within Sri Lanka, the story of the BRI's reputation was more complicated. The government at the time defended China even though President Maithripala Sirisena had campaigned and won on the accusation that his predecessor Mahinda Rajapaksa was corrupt and in the pocket of the Chinese.⁵⁵ Sri Lanka has been able to gain both economic and connectivity benefits from the BRI even as

it has had to backtrack on some projects to balance its sometimes-tense relationship with India.

Sri Lanka is strategically located along the Europe-Asia maritime trade route and offers China a vantage point in the IOR as a part of its Maritime Silk Road. A recent Chatham House report pointed out that no official definition exists of what exactly constitutes a BRI project in Sri Lanka, and both hard infrastructure projects and soft infrastructure projects, such as cultural exchanges, have at various times supposedly been part of the BRI.⁵⁶ Overall, however, the BRI in Sri Lanka has encompassed transport, including roads (for example, the southern and central expressways), ports (for example, Hambantota), railways, and airports (for example, Mattala International Airport); the development of cities; water and sanitation projects; and information communications infrastructure.⁵⁷ Some experts have estimated that China has invested \$23.9 billion in Sri Lanka's infrastructure, with roads and expressways receiving the largest investment followed by the building of ports.⁵⁸

Like Nepal, Sri Lanka has attempted to balance between India and China. Despite India's intervention in Sri Lankan politics, most infamously in the 1980s in Sri Lanka's conflict with the Liberation Tigers of Tamil Eelam (LTTE), and despite India's proximity to Sri Lanka, the two countries have mostly had a stable relationship. But two Sri Lankan domestic elements have given China a foothold. First, given Sri Lanka's Tamil population and the violent history of terrorism and war with the LTTE, Sri Lanka continues to be wary of Indian sympathy for the Tamils. Moreover, local conflicts consistently dock the relationship, such as the killing of Indian fishermen by the Sri Lankan Navy.⁵⁹ Decades of terrorism and civil war also affected Sri Lanka with much public infrastructure destroyed, poor security conditions, and little ability to attract foreign investment.⁶⁰ Second, recently ousted Sri Lankan Prime Minister Mahinda Rajapaksa and his family members, who have also held senior positions in the government, came to power with the intention of bettering Sri Lanka's relationship with China and attracting Chinese investment. Moreover, these goals meshed with their own personal interests. Rajapaksa, for example, is from the Hambantota District, and his favoring of the port as a recipient of the BRI was expected to be electorally and personally profitable.⁶¹

Those factors have allowed infrastructure projects to proceed in Sri Lanka and met a substantial need for development—investment from China has built 60 percent of the length of all expressways in Sri Lanka, while the Colombo Port City project is transforming Sri Lanka's

modern service development sector. Yet, the actual and proposed BRI projects in Sri Lanka have all been tarnished by the specter of Hambantota. The fact that China now possesses a ninety-nine-year lease for Hambantota—whether or not the criticism China has received is deserved—serves as a warning for any small country involved in the BRI, including Sri Lanka.

Finally, the tiny nation of the Maldives has today mostly distanced itself from the BRI—both because of India and because domestic politics in the country have shifted. The Maldives comprises nearly two hundred islands and is right in the middle of the Indian Ocean, making it an attractive strategic setting for both China and India. Important shipping lanes run through it, and it offers the possibility of bases and ports. However, the Maldives under current President Ibrahim Solih calculated that India's geographical proximity made it the better bet and has repudiated existing BRI projects in the country.⁶² This also had a domestic political element. The previous president of the Maldives, Abdulla Yameen, had attempted to crush political opponents and consolidate his rule by appealing to radical Islamic elements. He also committed to building a relationship with China—he accepted a free trade agreement, an \$830 million airport upgrade, the building of a hospital, and an influx of Chinese tourists. However, in addition to demonstrating against Yameen's growing authoritarianism, and spooked by the Sri Lankan Hambantota case as well as India's ire, opposition politicians vociferously protested the Maldives' growing closeness to China. They also accused Yameen of being personally bought off with Chinese money.⁶³ After he was defeated in the 2018 elections, Yameen was arrested, sentenced to five years in jail, and fined \$5 million for embezzling \$1 million of state funds.⁶⁴ When Solih came to power, he reversed Yameen's policies and drew away from China.

POLICY RECOMMENDATIONS

The United States needs to recognize that China's Belt and Road Initiative is a fragmented foreign policy whose success or failure also depends on the domestic politics and threat perceptions of recipient countries. Although some countries, such as Pakistan and Nepal, view the BRI favorably, this has not guaranteed the initiative's concrete economic success for them. Conversely, the BRI has prompted India, which views the BRI as a symbol and evidence of China's encroachment in the region, to undertake its own connectivity projects on a speedier timeline. Moreover, India's geographic location and political hegemony in the region means that the BRI—a region-wide initiative that purports to build and boost connectivity in South Asia by placing China at its center—cannot ultimately succeed without India's involvement.

For the United States and India, two countries that seek to limit China's regional hegemony, countering the Belt and Road Initiative dollar for dollar is financially unfeasible and strategically impractical. Nor is it always desirable; successful BRI projects have the potential to contribute to stability in countries that lack infrastructure and connectivity. The case of Bangladesh shows that a small country can have a positive relationship with China, gain benefits from the BRI, and still be eager to maintain a strong relationship with India and even the United States.

Instead, the United States should adopt an approach aimed at two underlying goals: establishing and then acting upon a clearer understanding of where the risks to U.S. interests lie in South Asia, and empowering allies and partners within South Asia to pursue their interests without sacrificing traditional or economic security. To achieve those ends, the United States should follow three specific policy recommendations.

Provide South Asian states with the tools to identify potential risks and benefits of the BRI

The United States should identify a ranking of BRI risks for countries by adopting a granular approach to different sectors. South Asian countries could be discouraged from accepting investment in sensitive industries—such as fifth-generation cellular network technology (5G), energy grids, and strategic ports—while allowing other investments, especially in areas the United States cannot deliver, such as constructing bridges or roads. The United States has successfully utilized this strategy with European countries, for example, with the “Five Eyes”—the intelligence grouping of Australia, Canada, New Zealand, the United Kingdom, and the United States—and European countries adopting strict measures against Chinese technology companies.⁶⁵ Similarly, the United States should encourage South Asian countries and companies to only accept transparent loan terms and discourage contracts with risky requirements, such as confidentiality clauses that make the terms of lending agreements with China secret.⁶⁶ The United States should also provide risk and compliance expertise to BRI-recipient governments. This training and outside legal counsel can help BRI-recipient countries better follow the laws already on their books and develop standards for transparency, if they are lacking. Services can include risk analysis on the capacity and sustainability of specific prospective BRI-related projects as well as prospective assessments of their financial and environmental sustainability.⁶⁷

Set up regular information channels on negotiation skills, collaborative business networks, and financial opportunities

The United States should communicate lessons learned from other regions who have negotiated with China, such as Africa or Latin America, to South Asian recipients of BRI funding.⁶⁸ These could be communicated at the Track 2 or Track 1.5 level and focus on equipping countries in South Asia with the informational tools needed to advocate for their own interests. Further, initiatives such as Prosper Africa offer a template for the United States to disseminate information on business collaboration and financial opportunities for South Asian countries. Prosper Africa proposes to strengthen trade and investment ties between the United States and Africa by using U.S.

government agencies to connect American businesses with African small businesses, provide market insights, and even offer competitive financing opportunities—with the goal to channel existing resources into the region rather than launching a top-down foreign policy initiative.⁶⁹ For South Asia, which is a similarly diverse region, initiatives such as this can focus on collaboration and opportunities using existing resources.

Bolster India-led connectivity projects by identifying opportunities for collaboration, building and evaluating nascent institutions, and educating U.S. businesses

The United States and India both seek to guard South Asia against encroaching Chinese presence and influence. As a regional leader, India is well equipped to understand the local needs of BRI-recipient countries and offer alternatives to the BRI. By supporting India-led initiatives, the United States can meet complementary interests: the United States' desire to strengthen its overall partnership with India, and India's desire to maintain its regional leadership. Such support can include identifying and expanding on collaborative opportunities with the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation—something the United States had announced it would undertake as a part of its Indo-Pacific agenda in 2018 but has since neglected—and encouraging the development of existing multi-lateral mechanisms such as the nascent U.S.-India-Israel-UAE forum to prioritize projects in South Asia.⁷⁰ The United States can also help evaluate promising initiatives that have failed to develop. The India-Japan Asia-Africa Growth Corridor, for example, was hailed as a groundbreaking connectivity alternative to the BRI when launched in 2017 but has faltered since, partly because it neglected to involve expertise on Africa.⁷¹ Finally, the United States can bolster fast-growing areas in India such as digital connectivity by creating educational opportunities for U.S. companies to better understand the Indian market. For example, India is home to 72 percent of the digital innovation start-ups in the Indo-Pacific region, and it is fast growing regionally.⁷² However, U.S. companies looking to invest in the Indian market often falter due to cultural misunderstandings.⁷³

CONCLUSION

South Asia today is significant to the United States' foreign policy strategy: the region encompasses important areas of the Indian Ocean and is home to two hostile nuclear powers, immense resources, huge markets, and forces that have resulted in terrorist attacks in the region and beyond. South Asia is also of immense interest to China. Without question, the Belt and Road Initiative has become a strategy for China to make inroads in the region and push its interests.

However, the mere presence of China and its huge investment and infrastructure projects in the region does not necessarily make the BRI a success in South Asia. Rather, success can be measured by assessing whether the BRI is welcomed by the recipient country and whether it has had a positive effect on China's reputation in the country, as well as by whether the recipient country has been able to advance its own domestic interests through the BRI. Those outcomes, in turn, depend on each South Asian country's geopolitical and threat perception and on local actors who can buy into or oppose the BRI. The Belt and Road Initiative has improved China's reputation in some countries, notably Pakistan and Bangladesh, but it has suffered setbacks in others. In terms of recipient countries' domestic priorities, the BRI has had mixed outcomes in Pakistan and more success in Bangladesh, which used the BRI to gain investments from India. Ultimately, however, India will be crucial to the BRI's future success by dint of its geographic position and size. Thus far, the country has remained extremely suspicious of China and the BRI. Without its acquiescence, it is difficult to see how the BRI, claiming to be a physical connectivity project, could succeed in South Asia in the long run.

The United States cannot match the investment and infrastructure scale of the BRI. However, it can empower local groups that worry

about the risks of the BRI and help provide objective assessments of the risk and benefit factors. Supporting India in its own connectivity projects also helps provide an alternative to the BRI. Finally, the United States should remember that wholesale condemnation of the BRI as a nefarious Chinese grand strategy to buy influence is shortsighted.⁷⁴ If the BRI is able to improve infrastructure and connectivity in countries that significantly lack such resources, it can contribute to those countries' domestic and political stability. The United States needs to enable countries' autonomy to buy into the BRI to gain its advantages without Chinese pressure, as well as support regional alternatives to the BRI. A stable, less volatile South Asia is in U.S. interests.

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*Cover photo: An engineer from the construction firm China Railway Group Limited (CREC), who was supervising the construction and placement of girders, stands before the final span of the Padma Bridge Rail Link Project in Mawa, Munshiganj, Bangladesh, on May 4, 2021.
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