

China's One Belt One Road Initiatives and South Asia

I didn't expect that distinguished people would be sitting around the table. I thought it was a public lecture and some students and researchers would be here and it would be a long talk. But this is much better because the moment you have a round table at least it will not be monologue. It is going to be multiple logue but not only dialogue.

So all of you know the subject very well and I don't need to give a long lecture to introduce it. But even it is going to be a learning



Prof. Chintamani Mahapatra

experience for me. A topic like One Belt One Road (OBOR) is a need to every country in the world, including China. So, instead of giving long lecture, let me flag a few points and during the discussion you can always debate with me. The reason I said debate is because OBOR the concept itself is not conclusive. Second, OBOR is not a reality. OBOR is a project. The proposal has been thrown to the world and about 60 plus countries are interested in joining this. About one hundred top officials from different countries went to Beijing.

Let me share my thoughts on One Belt One Road. Before I talk about One Belt and One Road during the tea session, when I was interacting with some people, all of them mentioned one thing and that is the global order is changing very fast. There is tremendous mode of uncertainty in the world. It is important to flag down this point then you come down to OBOR so that we can know whether OBOR is going to remove the uncertainty and make life more comfortable, more predictable, more understandable or OBOR is going to add on to the uncertainty that is affecting every country in the world including South Asia. What are the changes that are taking place under our nose, before our eyes?

1) The United States of America, which was the super power, after the end of the World War, is today clearly a declining power in relative terms.

2) The European Union, which was emerging as the best example in Human Cooperation is in big trouble due to crisis, some economies and not taking up, one country has left European Union; few countries are probably ready to leave (eg. Greece). So, Europe is into crisis. When the United States is a declining power and EU is at declining cooperate mechanism, Nepalese, Indian and many others are watching something wonderful happening along our border and that is slow and steady rise of China as a super power. Today China is the second largest economy in the world. China is the number one importer of goods in the world. China is the number one exporter of goods in the world. China does more trade and

United States. China is fast emerging as the military power and naval power. United States was once the number one consumer of luxury goods around the world but now it is China. The number of big malls is no more in United States but in China. So when you list out all this positive things then we know that the super power is in the making. Is it a Super Power already? I will say 'no'. It is at least an emerging superpower but not a complete superpower yet. And one of the reasons why we are looking at the world which is turbulent is because the number one power which was supposedly trying to maintain that liberal economic and political order is now faltering. It has absolutely no control on what is happening in ISIS,



Dinesh Bhattarai

Last year this initiative, OBOR, in China has been changed to "Belt and Road", is it true or still it is called as OBOR?

runs surplus with more than 100 countries and most of these countries are strategic alliance partners of

what is happening in Syria, Libya. The Islamic world and some of the countries are important for global economy because they are all potential countries. These Islamic countries are on fire. In this background, when there is some kind of global recessions since 2008 and the European economy is not taking off and the Asian countries which have gained importance and reasonable groupings have not been prospering at least since 1997 influence as a crisis that had hit Asians that has expanded geographically. Amidst all these changes, when the prospective superpower is proposing something new, something grand called OBOR that is revival of the old silk road to create a new order in the area which is US, Asia and Africa. Such proposal is unique. Similar kinds of proposals were there in the past, which Indian proposed. Few months before India became independent, Nehru convened first Asian Relation Conference in March 1947 where members of all the Asian countries were invited to Delhi. He experimented same Asian Relation Conference but it collapsed. It did not take off. Then

in 1950s, it was again India and Nehru to propose TRA (Trans Railways across Asia). So what China is doing recently, India had proposed it in early 1950s, which did not work out.

After the Second World War, United States again imitated that kind of work but that was in Europe that too not every part of Europe but only Western part of Europe by pumping about 13-15 billion dollars in the guise of Marshal Plan so that the war turned economy of Europe could survive and which



Hiranyelal Shrestha

was successful. But the kind of proposal China has been making with an intention to pump in more than trillion dollars and create connectivity linking Asia, Africa and Europe but not America, proves that is a big project. Similarly, is this project which governs the area where 60% of the global population and about one third of the GDP resides, is acceptable by all? I would say 'no'. There may be 100 countries that send their representatives, but if we list out it's not only India who stayed out of it. India didn't send any representatives. But read the newspaper of Australia, Australia is backing off. Quite a few European countries are not prepared to support. There are people in Sri Lanka who are raising questions. There are people within Pakistan who are expressing concern. There are people in India who are supporting it and the government is opposing it. There are companies within China who are worried. So, generally when you read headlines in the paper, OBOR is going to be a grand project, very successful, life will be very easy full of milk and honey, prosperity will come, people will get employment, but it's not the truth. It is experimentation; it is a project which is still being debated. So, it is always important to know why the people are opposing it and why China and few other countries are supporting it and supporting with full force.

Let us talk about why are they supporting it and making it very prestigious fort.

1) As I said China is the second largest economy in the world. But China has too much of money. A few trillion dollars of American Treasury Bond is in Chinese Treasury and that American Treasury Bond is not earning enough interest. When the Chinese economy is relatively slowing down and the Chinese labour cost is rising and the treasury is full of trillions of dollars in terms of Treasury bond with low interest, what are they going to do?

2) China has too much capacity but the Chinese market is not able to absorb it anymore and that over capacity has to be transported.

3) When there is global recession and the demand for the Chinese goods has gone down with the growth of USA and Europe, where would China

get the market and without its market in abroad how is it going to sustain its economy. It does not have the economy like India which is linked by the world at large. China whatever it is has export economy and tremendous amount of Chinese goods are around the globe but today that market is shrinking. Now how do you create that market?

By creating too many railway networks, road networks, ports, and so many other industrial corridors and other exclusive economic zones, China is prepared to give the money because they have a lot of capital and of course the market is huge. That is why, China says, that you allow us and we will build the roads, the ports, the industrial corridor and the technology; and may be the labours and then we gain both. This is the position of Chinese president. And he says, in the scenario of slowing down of global economy and shrinking market, if we have to restore

◀ **Beautiful Lines in the eyes of beholders**

the export market then this is the way. So, let us do it.

Look at Nepal, Nepal in the past approached India but the government of Nepal says that India does not build roads and then China would come and build the roads. Same is the story in many countries. In South Asia, Central Asia, South-East Asia, Africa, these nations are hungry for infrastructures. And if somebody is prepared to give them money and build the infrastructures then what is wrong with that? People in Pakistan, in Central Asia, Nepal, and Sri Lanka have shown their agreement to accept the Chinese point of view of win-win and if they are going to support China then they are going to win. Why is it good for you? It is because you have good connectivity within your countries and beyond countries which will be helpful in carrying out trading and commercial activities. Now, when the capital is invested in huge amount, obviously this is



Lok Raj Baral

▲ **We should know how OBOR is going to help especially to the people of Nepal and we need to discuss more about its various aspects**

Foreign Direct Investment, which will create jobs in your countries, people will get employment, market will grow. So, that is why it is going to be a win-win situation.

But on the other hand, why are people opposing it? India is opposing this, because India thinks this is not a multinational project as there is no multilateral negotiation. One country with money, having economic problem at home and global recession, for its own benefit, is going to have dialogue or

discussion with political elites of multiple countries, where the decision is taken in Beijing. Secondly, there are quite a few areas covered in the project which are disputed. Chinese are so possessive about their culture and sovereignty. Now the claim is, 90% of the barter they think is theirs which create dispute. When India says Pakistan and Kashmir are disputed, China is not going to accept that and when India says China and Pakistan's corridor pass through Kashmir then we cannot support it. It is because China plays a different tune when Indian oil companies explore for oil from near China's sea.

So much of capital is coming from China, but is it only capital? No, China's technician, Chinese engineers, Chinese labourers who are losing their jobs at home will flee for the job along with capital. So, if anybody says FDI helps in creating jobs then it is not true for the OBOR case. There are about 9000 Chinese

who are now working in Pakistan.

They are labourers, technicians, engineers, etc. So, if China is going to build something for you, it shares its terms and conditions saying it can walk off when it wants. So, it is not good. There are some Chinese and Indian and European economists who are saying this can be a debt trap. This can be a One Role One Way. China has done it so it can be One Role and One Way.

Pakistan is equally worried for following reasons:

1) OBOR deal is between Islamabad and Beijing. The civil society in Pakistan is saying that this can lead to world terrors. This has also been studied by United Nations.

2) Initially the road was supposed to pass through Gadwar post which is suddenly changed to Punjab where highway has already been built and we can see big Chinese trucks on the very way. This has polluted the city where the citizens gain nothing.

3) There is no solid dialogue between the professionals and Islamabad. All these concerns are reflected in protest movements and grievances of many people. In fact, a week ago some Chinese workers were killed who were working under OBOR project.

The amount of money spent in building a port and kind of activity that we see now is horrible. Now Sri Lanka has 64 billion dollar foreign debt. 95% of the government money is going into debt and Hambattota is not working. On the other, roads are not built even after seven years have already passed. Chinese government is making such a grand proposal which is very attractive and ideal but who knows when you go deeper into the skin. The Europeans are saying if there is connectivity between East Asia, South Asia, Central Asia and Europe then ultimately

China will not be able to play its geo political game.

Americans are revising the proposal for the new Silk Road. They were not Chinese but the Americans who proposed Silk Road. If Chinese are able to create OBOR and if Chinese can influence the large region then that will not support Americans' geo-

political goals. There will be hard core competition between these two countries.

Japan is another country which is not opposing like America. But Japanese are coming up to create their own corridor i.e. Indo-Pacific Corridor where South Asia will be linked up with Africa. They are worried that China today has so many beautiful areas which is now called "Ghost Town" because out of too much of money they have built beautiful cities but nobody stays there. Now when they want to invest all those

abroad on climate deal in Paris, the international corridor along with OBOR will be polluting those areas.

OBOR concept as it is proposed is not one consecutive area but it is all patches of roads, ports and in these patches you have difficult areas. Does it mean that OBOR is completely useless? No. It is good for China. They are doing it and it will work. The political leader-the President of China has done much for it and he will make it happen. And those countries who have decided that something has to be done about OBOR, that will continue. But, alternately, I think it will be a patchy one with a success story.

I was giving my perspective as a scholar. In that, let me try to explain some of the things of your questions and queries. I think somebody mentioned government does what the people want. It is absolutely wrong. It does not happen even in the United States of America. In India, more number of people would vote than in United States. 43% of the votes turn out and you think what Trump is doing will ever people want that? It is wrong and if it does not happen in America then it does not happen in any part of the world, including China.

So, Let us separate it, there is something called political elite. They are the people who think what is best for the country. They are the people who are involved in political negotiation and then they negotiate with outside parts and then they do it. But, in this age of globalization, and social media, the power of the individual is much more than ever before to cause violence. The capacity of an individual to cause violence is enormous. In the past only one knife was enough, and today the kind of weapons the terrorists have is sometimes more sophisticated and deadly than the security forces and Indians are facing it since 1989 in Kashmir. So, it is important for us to learn from those who oppose not because they are opposing it but is there anything they are saying then we should get alert about it. So, as a scholar my point of view is to make you alert in certain things. For example, Pakistan, please raise this question and find an answer. Why is it that to protect 9000 Chinese technicians and other workers in Pakistan were trying to build something great for the Pakistani people? The Pakistani government need 10,000 army personnel to protect those 9000 Chinese. That means 9000 Chinese workers in Pakistan do not feel safe. If it was something constructive and of the interest of Pakistan, why this kind of situation? There is something wrong for which one needs to be aware about it. The people in Sri Lanka are coming out in protest and there is all kind of security actions against them simply because they were opposing some Chinese projects somewhere. Why is it?

India is very vulnerable country. Its size is big, population is big but look at the differences. The kind of consensus we try to build is unprecedented in history and even in the US they don't have this kind of mechanism. It is very good to have a communist party with a vision to bring China. Things are different and in any country and every country now because of the social media. Governments are now losing their sovereignty. I have spent a lot of time in China and spoken to a lot of people, both government and non-government and believe me what you see in China is different from what you see in Global times or even China Daily. Within China, the commerce department and the foreign ministry have no single opinion on this issue. It is the Chinese company who is making the statement that in Central Asia it is One Road and One Detra because some of the Chinese companies are not prepared to go and invest in Afghanistan, Pakistan where they are going to lose their money. They are worried due to the

security reason.

Nepal is, in a way, a blessed country. Nepal has its own natural calamities. You are having problem because big neighbours i.e. China and India are there. You have to think about how to protect and promote your interest because it is small country. You have right to do that and if your government is signing some agreement with China then please go ahead as you must do this. We cannot tell you what is good and what is bad for Nepal but as scholars exchange views, I see the big picture because I am an Indian. Let me share a nice Chinese story which I share with my students most of the time. To understand the people sometimes we have to understand the psychology. Now, Chinese believe in reincarnation. So, one day, the lord of reincarnation, while sending the souls back to earth, a Chinese soul said that it has a question to ask the lord. Actually it's not a question but a request. If you send me back to earth again please send me to China only. The lord said Okay. The Chinese soul asked: Can you make me the emperor there? The lord said okay. The Chinese soul asked saying "can I have a palace with gold, and pearls and with all those valuable stones"? The lord Okayed, then again another request came which was "will you allow me to have 100 beautiful wives"? It was also Okayed by lord. The soul kept requesting more i.e. "my children should score first always in all examinations", "I want to live for 100 years as a young king" etc. And then the dialogue got ended as the lord cut his head and said that if all these were available in earth then why would I send you but I will go myself rather than staying here.

This story reflects the Chinese psychology. Their ambition, their achievement, and their goal are fantastic. As an Indian, what I see is that whether my interest is going to be affected negatively or not. So, instead of blindly supporting and accepting something, it is always good to raise questions. Your questions may be wrong or your questions may be falsified, that will be good for the country. And if it is correct you better change your track. That is why, in this age of globalization, small countries are no longer small as they were at one time.

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As a scholar who has come from India, how do you look at covert, with these shivering evidence and elements about China? How it may unfold as the other project unfolds? In the context of political democracy, China being a global leader, how do you correlate?

country to go and grab.

There is a small country, smaller than Nepal called Cuba, 89 Kilometres off the coast of Florida. For 50 years, America could not do anything even if Cuba was totally against America. Why? Look at ISIS. The only example in world history, where the terrorists are able to occupy a state and all these sophisticated aeroplanes from USA were going and bombarding them. They are still resilient. So what is power? Power has become complex now. So, Nepal is also a powerful country and Nepal has to decide what is good and what is bad for it. But if Mr. 'A' comes with money and says I will do this thing for you and he would set the terms and conditions then it is a responsibility of a country like Nepal to

watch out and negotiate. This is how it works. Why is US talking about Indo-Pacific corridor and Silk Route? It was proposed and when Mr. Kerry came into power he had totally forgotten about it and now once Donald Trump is in office his department is looking at it. It is only because they are worried about the rise in China. They have a sense that they must beat China in whatever way they can. What is China doing? China is also trying hard to dissolve USA. But let us understand that today the United States of America has 11 aircraft carriers while China has only one and building another one. There was only one country that could challenge United States completely was Russia but not China. In fact China benefitted from the economic order built by the United States. If that (US promoted) order goes down, Chinese money will also go down, and China cannot afford it so that is why the situation has become such that the communist leader in China is talking about globalization and giving lecture in Doha and today he is the one who is supporting the idea of free trade. Contrary to this, Americans who were the one to talk about free trade since day one are in a position to compete with China to tell about free trade and globalization. In a Communist country, where everyone reads about capitalism is now supporting such a thing. That is what a change in the world we can see. It is all because of power. China has now the economic power to do something which is against the principle of communism. But what is China going through? I tried to share my views with you. What is imperialism? When the industries in a country will develop so much its capacity then all the capitalist will look for market for the products. Then

if your natural resources are getting deployed then you start looking elsewhere for natural resources. China is doing the same in Africa and Latin America. Then when you have lot of money and have no market to invest then are you going to look for abroad market to invest? The answer is "Yes". Are communists doing the same? Yes. So, what the capitalist America and Britain were doing



Bishnu Sapkota



at one time, China is replicating the same thing. Should you and me not be alert here rather than just talking about railways coming and people getting connected? We have to go deeper, and at least the intellectuals should be alert and see the big picture. Otherwise, it will be problematic in the future. So, just as a student of International Politics, what would I do is sharing the holistic picture, and I do it not just here but whenever I travel around the globe. I share same thing but not just to promote India's interest but to promote an informed dialogues and debates.

OBOR and Nepal

Another question may be asked whether the concept of One Belt One road is going to help the productive

capacity of Nepal. As Churchill said, the more you want to know about the future the more you will go back to the past. If you don't go back to the past your future is not predicted. That is why one Pakistani author wrote in the newspaper, I feel that whatever the Chinese is giving to Pakistan, I am recalling East India Company, what East India Company offered

other saying a guy coming from underdeveloped country seeking our assistance with a great need of capital, but he himself puts conditions to us.

Since it is Chinese initiative, Nepalese are not ready to listen, at least for a while, whatever negative impact OBOR will have. It was all due to the last year blockade



Krishna Gyawali

1500 Chinese students in China, I was shocked when one student asked me a question "Do you think some day there is going to be democratic revolution?" I was so scared and started looking at CCTV. My worrisome was that why should a Chinese student



Hisila Yami

way back something similar I can see but same thing may not happen, it will not happen. But there is something to learn from them. As you all said, Nepal being sandwiched between India and China, Nepal must have relationship with both. Yes, this is what India did for 40 years. Nepal is located so close to China now but India being a big country, thinking very big all the time; from Nehru's time we were worried about countries like USA and USSR. The whole non-aligned policy was geared towards how to best harness the benefit from both. That was what navigating in non-aligned world. But again let's go back to the past, which has relevance for you so that you can raise question. It was in 1949 when China went Communist and America was so worried that if China was Communist and India also follows Communism then more than 50% of the globe would be communist. They thought India must not be allowed to go Communist. They invited Nehru, gave him red carpet welcome and he was asked to speak in the US conference. Nehru was a scholar. He was very professional and he understood the world history of course. When he was talking to a gentleman, he said, (there was no lady in the communist that time) gentleman, I have come from very poor country, I have been newly independent, we need capital, we need new technology as we want to develop our country. We want to fight poverty, we want India to industrialize which has been de-industrialized by the British. Then he said, as a scholar, but if you give us capital and technological assistance with strings attached, conditionality then I will have to say sorry. Then he gave an intellectual argument saying your system cannot be replicated in India. We have feudalism you guys have no feudalism. The argument was solid but that was embarrassing for the congress men who later talked to each

Why I am saying this? It is because, again, Nepal-India and many countries need capital, we need technology, we need to have infrastructure, etc. But if we don't ask about the conditions now and make friendly conditions through negotiations, the likely scenario would be similar and absolute thing of what East India Company could do in India. So, in this context let me give you 2-3 examples.

Great that we now know very balanced view on OBOR

- 1) In Tanzania, Government to Government agreement happened and Chinese were allowed to go and do some business in chicken. Before that the ordinary people used to have their own chicken farm and come, cut and sell. The moment the Chinese came, so beautifully they would cut, clean, pack and sell at cheaper rate that all the local guys became unemployed and now you see the protest there.
 - 2) Ecuador was debt ridden. China government gave them 12 billion dollar. They sign an agreement and then for next 90 years, Ecuador will be bound to sell 90% of their oil only to China with no market conditions.
- The reason I am giving this example is to see the



Gaurav Shumsher Rana

Every aspect will have pros and cons as it is with OBOR. Nepal needs to work further and make it beneficial for the country

terms and conditions and you decide what is best for you.

China and Democracy

My last observation is about Democracy in China. As we know Hundreds and Thousands of Chinese are going to USA observing how the American democracy work and large number of them are coming back to China. When I was talking to

ask an Indian this question about Democracy? In China in 1989 Chinese government could shoot by using tanks when people were demanding nothing but democracy. Why I am saying this? I am saying this because although China is still ruled by Communist party, it is no longer the same Communist country. Lots of things have changed. And then when I went to toilet and washed my face and came to read it properly, it was not there anymore. Then I went to the classroom and asked my students in China that such things happened if they saw the story. They asked me if I want to see the story again and I said 'yes'; one of them then took my computer, did something and the same story was found there to read again. Here, one could say that the citizens in China are so smart now to access the available information even if the government of China tries to ban it. In other words, no amount of internet control by the government is working. Then some of the students took me to the area where Chinese government would never issue permits to people like us where we could see the simmering discontent of the people, the real poverty.

We have seen all the coastal area, fantastic, as well as Europe and America. There are around 8 to 10 million young Chinese who have trained in IT roaming around in Shanghai and Beijing because there is no job. In 1970s when Subramaniyam Swami went to China, I was a student. He said a story: "you know China is a communist country and there is right to work, everybody must be doing work." When we went to a factory I saw 20 people were employed to make the switch up and down due to "The Right To Work". Today there are more billionaires in China than billionaires in India. Today millions of Chinese are under poverty and they do not have jobs. Here, what will happen to China we do not know? But so far so good, as long as the money is there the government will be strong and stable, future will be saved. But things are changing in China.