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Development perogatives for South Asia's economic progress

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A comparison of the 2014 and 2021 White Papers also reveals a shift in the concessionality of China's foreign assistance. In relative terms, China has increased its use of grants from 36 percent of foreign assistance in 2010 2012, to 47 percent in 2013-2018.

investment is as high as USD 8 trillion. Climate change response is mentioned throughout the White Paper including a section on environmental protection; however, there is no reference to the Paris Agreement or indications that China plans to mainstream climate objectives within its development programming.



China's BRI has two main components and five pillars. The components are an overland Silk Road and Economic Belt connecting China with Europe, the Middle East, and Central and Southeast Asia and a Maritime Silk Road including the construction or improvement of ports along the South China Sea, Indian Ocean, and South Pacific. The pillars include infrastructure, trade, financial connectivity, policy, and people-to-people exchanges. The BRI spans 65 countries that, according to a 2018 analysis by Morgan Stanley, accounted for 30 percent of global nominal GDP, 40 percent of global GDP growth, and 44 percent of the world's population. This analysis also suggests that China's overall spending on the BRI could reach USD 1.2 to USD 1.3 trillion by 2027. The total announced

Rather, it mentions the BRI South-South Cooperation Initiative on Climate Change, its support for low-income countries trying to mitigate the effects of climate change, the establishment of a South-South Climate Cooperation Fund (SSCCF), initiatives to support low-and middle-income countries making the transition toward renewable energy, and environmental management and sustainable development training programmes.

China has emphasised health in its development programme for decades and has grown into a major player in this sector. Since the start of the Covid-19 pandemic, in particular, China has been promoting the health aspect of its BRI, what has been called the "Health Silk Road" or China's efforts to build

All the Belt and **Road projects** must be open and transparent, and should be aligned with the development strategy and long-term plan of the participating countries.

PHOTO: STAR

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a "community of common health for mankind". The 2021 White Paper outlines China's commitment to making Covid-19 vaccines "available as a global public good once they have been developed and applied in China".

Recent role in South Asia China has embarked on a grand journey West. Officials in Beijing are driven by aspirations of leadership across their home continent of Asia, feelings of being hemmed in on their Eastern flank by US alliances, and their perception that opportunities await across Eurasia and the Indian Ocean. Along the way, their first stop is South Asia, comprising eight countries-Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka—along with the Indian Ocean (particularly the eastern portions but with implications for its entirety). China's ties to the region are longstanding and date back well before the founding of the People's Republic in 1949.

China's main asset is its economic levers of influence, and Chinese actors are proactive in wielding these. China is helping to construct mega infrastructure projects in almost every country in South Asia; in most cases with money that it has lent them. Its loans to Sri Lanka were at USD 4.6 billion in 2020, and the overall figure for Maldives is believed to be between USD 1.1 billion and USD 1.4 billion. According to the IMF, Chinese loans to Pakistan stood at USD 24.7 billion by April 2021. Figures from the Ministry of Finance show that the total outstanding Chinese loan to Bangladesh was around USD 2.6 billion in fiscal year 2019-2020.

"Debt-Trap Diplomacy", is a widely used narrative against China, by the Western and Indian media, suggesting that China really has a "Machiavellian strategy". However, in-depth independent studies found no "debt trap" in the four countries namely Bangladesh, Maldives, Nepal and Sri Lanka. Sri Lanka, most often cited as an example of debttrap diplomacy, has an overall debt management problem. Studies in 2020 put Sri Lanka's external debt to China

at about 6 percent of its GDP. Other countries like Nepal and Bangladesh have been prudent in choosing their funders and methods of financing, often choosing traditional multilateral institutions or other bilateral lenders as partners.

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In recent years, the most powerful sources of Chinese influence in the four South Asian countries-Bangladesh, Maldives, Nepal and Sri Lanka-have been commercial and financial. This is reflected in high-value project finance and operations partnerships, not least for the Hambantota and Colombo port projects in Sri Lanka and the Padma Multipurpose Bridge Project in Bangladesh. Without exception, the governments of the four countries have described China as a crucial development partner, either as a funder or in providing technological and logistical support. Additionally, it is the biggest trading partner of goods for Bangladesh and Sri Lanka, and the second-largest for Nepal and Maldives. Chinese investors have been the largest source of FDI pledges to Nepal for six consecutive years till 2020-2021, with more than half of the country's total FDI in the 2018-2019 fiscal year. However, the economic element is increasingly intertwined with political, government, and people-to-people aspects of these relationships.

Several Confucius Institutes have opened in Bangladesh in quick succession. In Nepal, multiple schools have made Chinese-language courses compulsory after the Chinese government offered to cover the salaries of the teachers involved. In Bangladesh, journalists have been awarded one-year, all-expenses-paid fellowships to Chinese institutions, and multiple newspapers have worked with the Chinese embassy to coordinate roundtables on the benefits of the BRI for the country.

The pandemic has created opportunities for China to work directly with the four countries in new ways-on the provision of medical equipment, biomedical expertise, and capital for coronavirus-related needs. In April 2021, **CONTINUED ON PAGE 31**



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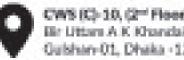




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