Journal of Polity & Society (2024) 16(1), 81- 94

Is the China-Pakistan Economic Corridor (CPEC) a replica of Sri Lanka's Hambantota Port in South Asia?

BINESH BHATIA[*], SUCHA SINGH[**], INGUDAM YAIPHAREMBA SINGH[***]
[*]HNB Garhwal University, [**]*Panjab University*, [***]*Manipur University*

China's involvement in global geopolitics has led to a significant shift in international dynamics, focusing on the Global South region. The China-Pakistan Economic Corridor (CPEC) was initiated in 2015 as part of the Belt and Road Initiative (BRI) and is a strategic endeavour by the People's Republic of China (PRC). While presented as an economic opportunity for regional development, the project is influenced by complex geopolitical considerations. Its objectives include enhancing Pakistan's economy and providing China with an alternative to the challenges the Malacca Strait poses. Many internal issues have enlarged the project's focus, such as Baloch's agitation against exploiting natural resources, lack of employment for locals, and increased terrorist attacks using terrorist aliases operating in Pakistan. The insecurity in South Asia has established new dimensions for the regional allies. Strategic investment of China under its BRI has severe regional implications for the embryonic security trends in South Asia. The Debt-Trap diplomacy in Hambantota's port shows China's vested interests in South Asia and the Indian Ocean Region (IOR). Sri Lanka's inability to repay its colossal loan has resulted in the 99-year lease with more than 70 per cent of the port's control rights to a Chinese company. In 2016, the International Monetary Fund (IMF) put forward its opinion on the lack of transparency in financing BRI projects. The significant investment in the China-Pakistan Economic Corridor (CPEC) could potentially enable China to assert its influence in the Indian Ocean region, posing a potential threat to India's national security. As China's Belt and Road Initiative expands, the project aims to challenge the cooperation between India and the United States in the Indian Ocean region. This analysis focuses on comparing the Hambantota Port and CPEC to understand China's substantial investment in Pakistan and the economic challenges faced by Sri Lanka. The study utilizes the Explanatory research method, gathering necessary data from secondary sources. Additionally, the research sheds light on the Gwadar Port while emphasising the debt-trap diplomacy associated with Hambantota, reflecting China's geopolitical ambitions in the Global South under its Belt and Road initiative.

Keywords: China, Pakistan, Silk Road, Geopolitics, Debt-Trap, Hambantota.

China-Pakistan Economic Corridor (CPEC) is an artery project under the ambitious Chinese Belt and Road Initiative (BRI) launched with an initial investment of US$ 46 billion in 2015 by President Xi Jinping. The official website of the CPEC authority reads, "CPEC will propose a new vision, new opportunities with a new impetus to

Sino-Pak relations. The effective promotion of economic and social programmes through CPEC will help to develop Pakistan. It will enhance connectivity and integrate strategies of China and Pakistan, which is in the fundamental interest of the two countries" (CPEC, 2021). Le Keqiang, the Chinese Premier, publicized the first announcement of the CPEC project. His visit to Pakistan in 2013 was followed by a Memorandum of Understanding (MOU) in Beijing (Ali, 2020). This significant investment, amounting to billions of dollars, aims to connect Northwest China's Xinjiang autonomous region to the Arabian Sea near Pakistan's Balochistan province. The project seeks to establish a comprehensive network of roads, railways, and pipelines to boost the transportation capacity for oil, gas, and imports, ultimately contributing to economic growth. With a regional connectivity of approx. 3000 km, CPEC connects the Kashgar city in Xinjiang, China, to its transit Gwadar Port in Balochistan, Pakistan. For China, CPEC is helping to bridge the 'Silk Road Economic Belt' (SREB) and 'Maritime Silk Road' (MSR) under its Belt and Road Initiative. On the other hand, CPEC is a crucial framework of regional connectivity that has shaped China's geostrategic and economic plans with its ally Pakistan (Chinoy, 2021). Sino-Pak collectively approved its long-term project for CPEC from 2017 to 2030 in three phases (CPEC Authority, 2017):

1. *Short-term project:* The first phase, which operated between 2014 and 2020, mainly focused on developing infrastructure, energy, and Gwadar port.
2. *Medium-term project:* It is the second phase, and it will be under operation from 2021 to 2025. It mainly focused on exploring market avenues for better trade opportunities and building Gwadar Oil City and Blue economy by inviting foreign investors.
3. *Long-term project:* It is the third phase of the project which will operate from 2026 to 2030.

In November 2016, CPEC became partially operational when goods in Chinese cargo were transported to Gwadar Port overland for maritime shipment to Africa and West Asia (PTI, 2016). Prime Minister Imran Khan, in March 2019, inaugurated the construction of Gwadar International Airport in Pakistan for $230 million. It will be the largest Airport in Pakistan, located near Gwadar Port (Ahmed, 2019). Another proposed railway network from China is passing through Afghanistan to reach Gwadar port. This has created new dimensions to the economic corridor. The project was launched with an initial investment of US$ 2.3 billion (Chinoy, 2021; Ebrahim, 2022). After US forces left the region, China began to exercise its diplomacy in Afghanistan to fill the power vacuum. While controlling Afghanistan and the Taliban simultaneously, the insecurity among the Baloch community from CPEC has raised security concerns for the economic corridor (Ali, 2020). It has also provided new opportunities to deepen Chinese interest and gain more penetration in Pakistan, Iran, and Central Asia (Reuters, 2021). However, it is interesting to understand the hidden Chinese interest vested in regional geopolitics and its ambitions in the disputed Pakistan-Occupied Kashmir (POK) territory, which concurrently disrespects India's sovereignty. China also follows a deliberate policy against India to keep pressure on Indian borders to attain its objectives, such as the CPEC (Thakur, 2020). Chinese actions imply a negative impulse toward Pakistan that can be interlinked to the debt trap situation, similar to Sri Lanka. The research attempts to draw attention to the fact that CPEC is in the same circumstances as the debt trap and economic crisis.The objective of the Study is to analyse the geostrategic implications of CPEC and Hambantota port while examining China's 'Debt-Trap diplomacy'.The present study is Explanatory. It is based on observation and secondary data sources, including books, journals, national newspapers, interviews and speeches with ministers, diplomats, officials, and online articles. Content analysis is used to filter the information obtained from descriptive literature. The study has been presented under the following analysis: 'Sino-Pak nexus and Geostrategic investment of China in the Indian Ocean Region' and 'CEPC, a replica of Sri Lanka's Hambantota and regional developments.'

Sino-Pak nexus and Geostrategic investment of China in the Indian Ocean Region

This analysis focuses on growing Chinese hegemony and geostrategic engagements in the Indian Ocean Region with a peek at South Asia. Traditionally, India has been the dominant power in the IOR region, where the Belt and Road Initiative allowed China to challenge India's position (Saklani & Ram, 2023). In 2023, China completed its tenth year with $1.4 trillion of investment to connect Asia to Africa and Europe for the proposed Silk Road of the twenty-first century (Bipindra, 2023). The BRI has the potential to significantly impact trade in the IOR by creating new trade routes and connecting previously isolated regions. This could have positive and negative consequences for countries in the area, depending on their level of involvement in the project. Premier Li Keqiang, in 2014 took a call to accelerate its ongoing BRI construction work (PRC, 2015). Under BRI, various corridors and financial investments in financially weak countries indicate China's long-term goals. In 2015, during the IISS Fullerton Lecture in Singapore, Foreign Secretary S. Jaishankar doubted the BRI project, which reads, "Where we are concerned, this is a national Chinese initiative. The Chinese devised it and created a blueprint. It was not an international initiative they discussed with the world, with countries interested or affected by it. A national initiative is devised with national interests; it is not incumbent on others to buy it. Where we stand is that if this is something on which they want a larger buy-in, then they need to have larger discussions, and those have not happened" (Pant & Passi, 2017). BRI, a grand geopolitical project, has global ambitions. Due to its debt trap diplomacy, the BRI has raised security concerns for India and IOR countries. Infrastructure projects associated with BRI are in areas prone to conflict, such as the China-Pakistan Economic Corridor, passing through Pakistan's restive Balochistan province (Bhatia, 2022). The Belt and Road Initiative has been materialised as an influential tool by the People's Republic of China (PRC) in the world order. This project focuses on locating five key regions: Southeast Asia, Central Asia, Central and Eastern Europe (CEE), the Middle East, and South Asia (Garlick, 2020). BRI defines projects under two categories: the *New Silk Road Economic Belt of the twenty-first century* and *the New Maritime Silk Road.*

BRI's *'belt'* route defines the land-based route from China to Central Asia, connecting Russia and the Middle East to Europe based on the ancient 'Old Silk Road' trade routes (Bhatia & Rana, 2020). Meanwhile, coastal states in the Indian Ocean region and across the globe are expanding their *'road'* network through sea routes. The strategic location of these ports on these routes has been perceived as emerging colonies of China to encircle Indian Territory with its grand strategy 'String of Pearls' in the Indian Ocean (Booz-Allen-Hamilton, 2004 and Townshend, 2022). In South Asia, the major ports covered under its maritime Silk Road connect the Indo-Pacific route to the Arabian Sea through Chittagong Port in Bangladesh, Hambantota Port in Sri Lanka, Male Port in Maldives and Gwadar Port in Pakistan (Bhatia & Rana, 2020). The study of these littoral nation-states termed them as emerging colonies and highlights China's long-term plans to diminish India's regional influence. Under the Pakistan Economic Corridor, Gwadar port is one of the transit points that connects the New Maritime Silk Route and the New Silk Road Economic Belt to pursue strategic control. This corridor is based on the strategic calculus where the Sino-Pak nexus has advanced regional implications for the Indian Ocean (Bhatia, 2022). As per estimated reports, Chinese investment in the CPEC corridor has crossed US$ 60 billion in Pakistan (Chinoy, 2021). South Asian researchers highlighted that Sino-Pak relations have troubled friendship with an essential understanding of geostrategic significance with no return plans for the substantial Chinese investment in CPEC. The thrust of this friendship can be traced to the China-Pakistan Agreement of 1963. The Shaksgam Valley, an integral part of India's disputed territory in POK, was illegally ceded to China (Singh, 2013). Moreover, China has repeatedly ignored the sovereignty issue of India for Pakistan Occupied Kashmir, which is an integral part of India under Article I, Constitution of India; fright attacks by regional terror groups. Considering the aka of terror in Pakistan, the People's Liberation Army (PLA) has demanded safe passage for CPEC roads and the safety of its working nationals. About 15,000 Pakistan Army and Para-military personnel were deputed under the Special Security Division (SSD) force to protect the CPEC infrastructure and pipelines of the Government of Pakistan. Despite such efforts, as per multiple media reports, no significant improvement was observed in the security of the CPEC project (PTI, 2019 and ANI, 2023). In such an environment, China is increasing its strategic investment and role in the countries surrounding the Indian Territory mainly Nepal, Bangladesh, Sri Lanka, and Maldives, which naturally become a concern for any sovereign state. The emerging dynamics in South Asia led by the People's Republic of China have termed this upsurge a 'peaceful rise' (Okuda, 2016). The International Monetary Fund has raised concerns about transparency regarding the CPEC project due to the massive Chinese investment in Pakistan. Meanwhile, as an *all-weather friend*, the equation of Sino-Pak should have notified the return policy of increasing debt investment in Pakistan. Reports produced by international organisations like the World Bank and the Asian Development Bank suggested that Pakistan's economy cannot absorb more than US$ 2 billion per year without giving rise to stress in its economy (Husain, 2017). However, it is not just the economic burden that the critics are worried about; it is also the secrecy and opaqueness of the details about projects that have created a perception that CPEC is another instrument to colonise Pakistan like the infamous East India Company (Ul Hassan, 2020). Institute for Defense Studies and Analyses (IDSA), a leading think tank highlighted strategic concerns in occasional CPEC papers and raised questions about the project. It quotes; "Gwadar is also a key link in China's 'String of Pearls' strategy that seeks to thread together key commercial ports in the Indian Ocean region for strategic purposes including Djibouti. The CPEC cuts through the Karakoram Range. From a geostrategic standpoint, the region of Gilgit-Baltistan (GB), through which it traverses, is under the illegal occupation of Pakistan" (Chinoy, 2021). The study reveals that Pakistan's civilians expect CPEC investment as a 'Game Changer' for its economy and to create more jobs. Yaqoob Ul

Hassan in his strategic analysis of CPEC mentioned that the flow of information regarding CPEC in Pakistan is controlled very carefully to confirm the official narrative of the project. Some highlighted questions over the CPEC funding; transparency has yet to be maintained in the public domain over the Rate of Interest, Terms and Conditions involved in the agreement. The analysis further states that criticism of CPEC in the media is termed anti-state (Ul Hassan, 2020). However, a leading newspaper in Pakistan, *The Dawn* states that Chinese firm brings their workforce to execute their projects (Subohi, 2020). Regarding the increasing dominance of expansionist China, the popular comment of Prime Minister of India without naming China said, "Expansionism is a mental disorder; the whole world is troubled by expansionist forces" (Modi, 2020). Similarly, the representative of the Pakistani Business Council (PBC) in his interview with the International Crisis Group (ICG) said, "CPEC is primarily a geopolitical project. Economics have merely been added to it". For Pakistan, China is the best potential ticket out of instability and economic weakness. Pakistan's military seeks more geostrategic dividends out of CPEC and as a counterforce to a hostile United States (US) and India. It will latch on to China even if the deals under CPEC are unfair to Pakistan' (ICG, 2018). China historically remained Pakistan's diplomatic protector and chief arms supplier in Sino-Pak relations. It was a last resort when every other supposed friend left it in the lurch. Pakistan's sense of insecurity from India has remained the main ingredient at the core of its foreign policy since partition (Small, 2015). Its close alliance with the US has led to the regional security system being shaped by these core insecurity dynamics for the past six decades. However, post the 9/11 incident the US equation with Pakistan has observed an adverse shift. A book published in Pakistan quoted: "The Pakistanis love China for what it can do for them, while the Chinese love Pakistanis despite what they do to themselves" (Small, 2015). The treatment of China's overseas nationals had become a subject of acute sensitivity for Beijing. This highlights that Pakistan is a failed state, which demands and is unable to sustain its credibility with its people and the reason it is the best-suited home for terror outfits. Pakistan is one of Asia's least developed nation-states dependent on US support and international aid. Pakistan has never decided independently as a sovereign state for its foreign policy (Ahmar, 2021). This reveals how Pakistan's sovereignty has been compromised in the past and so in CPEC in recent times. Further, China is helping to upgrade Pakistan's Navy by 2028 for warfare capabilities in the Arabian Sea by supplying eight new Stealth Attack Submarines. Out of eight, four submarines will be built in China while the remaining four in Pakistan (Gady, 2016). As per defence analysts, these submarines will help maintain a credible conventional deterrent against India. On November 25, 2017, China acquired the Gwadar port on lease for 40 years. Considering the low economic output, the acquisition will help retain over 90 per cent of revenue from Gwadar's marine operations and 85 per cent of revenue from the management of nearby free zones of Pakistan (Ansari, 2015). The security aspects perceived by Gwadar port in Balochistan province hinder its economic potential. Saindak mine in Balochistan was leased in 2017 and it was developed by China and extended for another 15 years due to sparking local antipathy. The mine was initially leased to Metallurgical Corporation of China Limited (MCCL) for ten years and is locally registered under Saindak Metals Limited (SML). The people of Balochistan have been propelled against the Federal Government of Pakistan for supporting Chinese investment in Pakistan under BRI and threatened the officials to withdraw the project

(Rana, 2022). The insurgency in Balochistan and regular attacks on Chinese officials by Baloch insurgents have raised insecurity where they demand to safeguard their natural resources. The over-militarisation of Balochistan's coastal belt has increased the overall cost of security over the expected economic gains (ICG, 2018 and ORF, 2016). Presently, it is a fact that Pakistan's involvement in terror acts has been widely accepted and Pakistan itself has become a victim of terrorism. To date, Pakistan has no policy to deal with its own sown terrorism.

TABLE 1: **South Asian Intelligence Review datasheet on Pakistan compiled by ICM, New Delhi**

Year	Incidents of Killing	Civilians	Security Forces	Terrorists/ Insurgents /Extremists	Not Specified	Total
2000*	65	137	8	20	1	166
2001	110	190	31	26	48	295
2002	103	148	20	65	24	257
2003	55	137	23	29	8	197
2004	168	347	208	302	68	925
2005	166	465	79	124	18	686
2006	317	541	301	568	56	1466
2007	531	1311	548	1271	464	3594
2008	1149	1796	647	3724	516	6683
2009	1665	2154	1012	7884	267	11317
2010	1246	1537	512	4945	348	7342
2011	1573	2371	674	2752	253	6050
2012	2347	2743	734	2444	267	6188
2013	2034	2713	665	1541	375	5294
2014	1569	1471	508	3268	263	5510
2015	950	866	339	2407	73	3685
2016	526	541	291	897	68	1797
2017	294	439	216	533	81	1269
2018	164	363	158	162	10	693
2019	136	142	137	86	0	365
2020	193	169	178	159	0	506
2021	267	214	226	223	0	663
2022	365	229	379	363	0	971
2023	144	59	231	179	2	471
Total**	16137	21083	8125	33972	3210	66390

Source: South Asian Terrorism Portal(SATP, 2023). *Data since 06/03/2000. **Data till 28/04/2023.

As per the datasheet compiled by the Institute for Conflict Management (ICM) on its South Asian Terrorism Portal, it has been estimated that 66,390 Pakistanis have been killed since March 6, 2000 till April 28, 2023 (SATP, 2023). Terror control has gone out of the way for Pakistan's security forces. According to official data from the Government of Pakistan, the direct or indirect economic costs of terrorism funding in the period of 2000-2010 were $68 Billion in total. The Pak Institute for Peace Studies, an Islamabad-based think tank in its Security Report, 2018 said, "595 people, including Pakistani security officials, have been killed and 1030 others injured in 262 terror attacks in Pakistan". The deadliest attack that occurred on July 25, 2018, during the general elections was the biggest failure of the Pakistani government (PIPS, 2018). Considering all the above aspects, it is a challenging situation for China to push huge investments in terror states where sponsored terror is breaking anything anywhere. On the other hand, the diplomatic ties hardly matter to the so-called akas of terror. Terrorism is a big trouble for the China-Pakistan Economic Corridor, as reported in various studies. China, the second largest world economy is a significant energy consumer; accordingly, energy and security become vital for its survival. Undoubtedly, Beijing relies heavily on the maritime route through the Indian Ocean and the Strait of Malacca to sustain its supply lines (Zhang, 2011). Following the 2008 financial crisis, China had a chance to assert itself in South Asia. As a result, China signed many Memoranda of Understanding (MOU) and Free Trade Agreements (FTA) with South Asian countries. Supporting such Chinese initiatives concerns India's integrity and sovereignty (Upadhyay, 2021). The critical analysis of CPEC reveals that when it comes to Pakistan's economy, it would be wrong to point out the sole responsibility of CPEC for the ongoing economic crisis. Therefore, the economic corridor in Pakistan was laid down on sound geostrategic and realistic calculations (Bhatia, 2022).

According to the World Economic Outlook, the 2023 real GDP growth of Pakistan's economy is negligible for the current fiscal year. It has been the lowest since 2009 except for the COVID year 2020. As per *The Eurasia Times* NC Bipindra estimated that Pakistan's external debt ascended by $100 billion out of which more than one-third of the external debt, i.e., $30 billion is owed to China (Bipindra, 2023). Similarly, the average inflation will hit a dangerous level of 27.1 per cent due to further currency devaluation and a hike in utility prices (IMF, 2023). With a GDP of US$ 350 billion, the total external debt and liability with Pakistan as of December 2022 account for US$ 126 billion, out of which the Government of Pakistan owns US$ 97.5 billion and an additional US$ 7.9 billion is owned by government-controlled public sector enterprises (Rana, 2023). Pakistan's inability to perform economic reforms and meet external financing requirements has yet to satisfy the credit agencies. The huge debt burden and Chinese investment in Pakistan for CPEC seems unviable, which might push its economy into a debt trap similar to Hambantota port. In 2020, Moody's, Fitch and S&P Global had rated Sri Lanka under Caa1, CCC+, and CCC+ categories, respectively, which put it as a *'substantial credit risk with default as a real possibility'*. On the other side, the tourism industry in Sri Lanka continues to face challenges in recovering from the impact of the COVID-19 pandemic on its economy. India's offer of financial support to help Sri Lanka address its Chinese non-transparent debt is a significant step in reshaping the dynamics of South Asia. Thanking India's financial assistance, Sri Lanka's Parliament Speaker Mahinda Yapa Abeywardana says, "India saved us. Otherwise, there had have been a bloodshed" (Dakhore, 2023). This has led

South Asian countries to review Chinese investments under the Belt and Road Initiative (BRI) with suspicion. Consequently, Chinese investments in the Indian Ocean region raise concerns about debt-trap diplomacy. This matter interests all sovereign states, as detailed in the following analysis.

CPEC, a replica of Sri Lanka's Hambantota and regional developments

The main thrust of the CPEC project was to address the power shortage, which affects the production output of local industries due to high loads. As per the State of Industry Report, 2017 projection the electricity capacity surplus by 2025 may not be available due to multiple issues and resulting uncertainties in the completion of large hydro-based power projects. Knowing the non-feasibility of commercial CPEC projects in 2017, China-Pakistan agreed to revise and update the list of Energy Cooperation Projects under CPEC. Thereby, removing five pending projects having a combined capacity of nearly 3470 MW. This change placed Pakistan on another setback to purchase electricity at expensive rates of Rs. 8.50 per unit from Chinese companies in Pakistan itself (Hassan, 2020). China's ambition of expansionism with strategic objectives fulfils its significant interests in Sri Lanka, where its economic instability reveals many aspects of investment. Its dependency on foreign oil, coal, and natural gas consumption outstretched itself, which concerns its growth (Shoujun, 2018). Hambantota Port in Sri Lanka was built to connect Asia, Europe, and Africa through infrastructure projects. It is also known as the Magampura Mahinda Rajapaksa Port, a deep-sea port located on the southern coast of Sri Lanka. The recent Sri Lankan crisis is also partially the outcome of China's debt trap diplomacy (Thakur, 2023). CPEC project can act as a catalyst for bridging gaps in Chinese supply lines and improve its trade connectivity with the regional economies in South Asia and beyond. At the same time, the multi-billion-dollar project has raised suspicions regarding China's interest in the Makran coast, which is located close to the Persian Gulf in the South of Balochistan, Pakistan (Panneerselvam, 2017). The chronology of the BRI projects suggests that the intent to lead the project rationally is missing somewhere. This can be best understood with the help of a case study of Chinese investments in the littoral nation-states of the Indian Ocean Region. World Economic Forum survey cited that the War and international tensions will continue to shape global economic developments through economic activity patterns and global shifts (WEF, 2023). Presently, Beijing is closely working to build its infrastructure in the Indian Ocean to bypass the Sea Lines of Communication (SLOC) influenced by the United States. In recent years, China has been funding various infrastructure projects in Myanmar, including the Kyaukpyu Port project, which is strategically located on the Bay of Bengal and is seen as a crucial part of China's Belt and Road Initiative. China is building *'Kyaukphyu'*, a deep seaport for China's regional presence in the Indian Ocean and connecting the China-Myanmar Economic Corridor (CMEC) to connect its mainland. The Kyaukphyu Port would allow Chinese goods and energy transport to evade the Malacca Strait directly to its mainland through Myanmar. However, concerns have been raised that Myanmar is falling into a debt trap similar to Sri Lanka which has struggled to repay its loans to China and thus leased its Hambantota Port to the latter. In 2018, during the Aung San Suu Kyi regime Myanmar renegotiated the terms of the Kyaukpyu Port project to reduce the size of the project and decrease Chinese investment. As a result, a Chinese-funded project in the western state of Rakhine slashed the initial investment of $7.2 billion to $1.3 billion. China's project share has been reduced to about 80 per cent (Nitta, 2018). This step positively moved Myanmar to avoid the Chinese debt trap and ensured it could develop its infrastructure without becoming overly indebted. Community resentment has been observed in the national interest for Chinese involvement in the port projects (Jaipragas, 2019). However, it remains to be seen whether Myanmar can successfully manage its debt levels and avoid the pitfalls plaguing other countries in the region. After the military coup in 2021, the West imposed several sanctions on Myanmar, which created space for Chinese investment. Since then, China has invested millions of US dollars in Myanmar, reflecting its healthy relations with the rulers of Burmese army (Oinam, 2023). In Bangladesh, the Asian Infrastructure and Investment Bank (AIIB) led by China granted US$120 million to upgrade and expand the power transmission system in the Chittagong region (Sachdeva, 2018). Nevertheless, the government of Bangladesh is confident that the massive Chinese development loans would not affect the country's financial stability. The average interest rate of these loans is 1.23 per cent and the country could repay the loan within 31 years, with an average grace period of 8 years. Besides, due to Dhaka's cautious borrowing policy, Bangladesh may avoid a Sri Lanka–like *Debt-Trap situation* in the future (Ahmed, 2019). The threat of *Asset seizure* is a severe concern for a resource-poor country like Bangladesh, primarily because China seeks to convert US$20 billion of the loan previously granted to Bangladesh into commercial credits. Converting the loans into commercial credits could lead to a long-term debt crisis in Bangladesh (Awasthi, 2017). Sri Lanka's experience with Chinese-funded infrastructure projects has highlighted the risks of taking too much debt and becoming overly dependent on China. The analyst reports claim that China is using its economic muscles in terms of loans to poor countries and securing concessions from developing countries. Indian strategist Brahma Chellaney has termed '*Debt-Trap diplomacy*' as China's broader '*Geostrategic Vision*' (Akpaninyie, 2019).

TABLE 2: **Chinese Companies Investment in various ports in the Indian Ocean Region**

Country	*Container Port*	*Chinese Company*	*Shareholding of Chinese Company*
Singapore	Singapore Container Port	COSCO Pacific	49 per cent
Myanmar	Kyaukphyu Port	China National Petroleum Corporation (CNPC)	50.9 per cent
Sri Lanka	Colombo International Container Terminal Hambantota Container Port	China Merchants Holdings (International) China Harbor Engineering Corporation	65 per cent (Presently leased for 99-years with more than 70 per cent stake)
Pakistan	Gwadar Port	China Overseas Port Holding Company	40-year lease agreement for operating and managing port

The table shows that Chinese investments in the Indian Ocean Region have either maximised its stake or have leased out the ports under the direct control of China-based companies. A survey conducted by the United Nations Economic and Social Commission for the Asia Pacific (UN-ESCAP) highlighted that huge loan grants to developing countries could potentially harm the stability of underdeveloped countries due to their underdeveloped markets and insufficient debt management ability (Akhtar, Shamshad, HongjooHahm, 2017). The Hambantota port was built with the assistance of China under its Belt and Road Initiative. Over the years, the port has been controversially criticised. One of the main criticisms of the Hambantota port project was that it put Sri Lanka in debt to China (Shepard, 2016). The construction cost of the port was over $1 billion, and Sri Lanka borrowed heavily from China to fund it (Abi-Habib, 2018). As a result, Sri Lanka's debt to China increased significantly, leading to concerns about its inability to repay its loans. The accusations of Debt-Trap diplomacy became louder after Sri Lanka leased the Hambantota Port to Chinese companies for 99 years to repay some of its debt to China. Another area for improvement with the Hambantota Port is that it has not been as profitable as expected. The port was intended to serve as a trans-shipment hub for goods travelling between Asia, Europe, and Africa, but it needed more business to make it financially viable. This led to Sri Lanka's struggle to repay its Chinese loan, as the port needs to generate more revenue to cover its operating costs. There are also concerns about the strategic implications of the Hambantota Port. The analysts worry that China could use the port for military purposes, potentially threatening regional stability in the Indian Ocean Region. There have also been concerns that China could use the port as leverage in its dealings with Sri Lanka, potentially undermining the country's sovereignty. Further, the project was intended to boost Sri Lanka's economy and enhance regional connectivity and profitability. Thus, questions are being raised about its long-term viability. Critics argue that the project has saddled Sri Lanka with a large amount of debt and that China could use it for its military purposes.

Conclusion

The China-Pakistan Economic Corridor presents a complex interplay of economic opportunities and geostrategic challenges. Chinese investment in CPEC strategically positions China in the Indian Ocean Region, intensifying competition with India and raising regional security concerns. Through the ambitious BRI, China aims to expand its influence by investing in strategically located countries like Pakistan, Sri Lanka, Myanmar, Maldives, and Bangladesh. The economic turmoil in Sri Lanka, exacerbated by Chinese debt trap diplomacy, underscores the risks associated with CPEC. Sri Lanka's default on over US$50 billion in foreign debt highlights the potential consequences of unsustainable loans. India's bailout offers to Sri Lanka, in exchange for long-term investments, reflects the broader regional dynamics in the Indian Ocean Region. Similarly, Pakistan faces concerns about falling into a debt trap due to opaque terms and unspecified interest rates associated with CPEC loans. The 40-year lease of Gwadar port to a Chinese company has raised suspicions about the potential military implications, further complicating the security landscapes of the region. While some argue that CPEC benefits Pakistan economically, the risk of growing indebtedness to China looms large. Pakistan's close ties with China may limit its options for external assistance in times of crisis, unlike Sri Lanka, which received support from India. The comments of Sri Lanka's Parliament Speaker Mr. Abeywardana on the debt trap reflect

India's regional approach to its neighbouring country in the crisis time. The analysis of CPEC reveals a nuanced picture of economic opportunities intertwined with geostrategic challenges. The increasing debt owed by Pakistan to China has the potential to place it in a situation akin to Sri Lanka's Hambantota Port, where it may struggle to repay its loans to China. This could pose a significant risk to Pakistan's long-term economic stability. Therefore, it is overbearing for Pakistan to carefully weigh the economic benefits against the risks of becoming overly reliant on debt, especially in the context of CPEC.

References

Abi-Habib, M. (2018, June 25). How China Got Sri Lanka to Cough Up a Port. *The New York Times*.

Ahmar, D. M. (2021, August 15). The matter of sovereignty. *The Express Tribune*.

Ahmed, K. (2019, March 30). Pakistan's prime minister is performing groundbreaking work at Gwadar airport. *Arab News*.

Ahmed, Z. (2019). *Bangladesh's Per Capita External Debt is Tk 17,000 But Not Alarming: Govt*. Bdnews24.Com. https://bdnews24.com/economy/2019/01/18/bangladeshs-per-capita-external-debt-is-tk-17000-but-not-alarming-govt

Akhtar, S., H. A. M. HongjooHahm. (2017). *Economic and Social Survey of Asia and the Pacific 2017: Governance and Fiscal Management Report*.

Akpaninyie, M. (2019, March 12). China's 'Debt Diplomacy' is a Misnomer. Call it 'Crony Diplomacy'—the *Diplomat*.

Ali, M. (2020). China–Pakistan Economic Corridor: prospects and challenges. *Contemporary South Asia*, *28*(1), 100–112. https://doi.org/10.1080/09584935.2019.1667302

Ali, M., & Ali, M. (2020). *China – Pakistan Economic Corridor/ : prospects and challenges China – Pakistan Economic Corridor/ : prospects and challenges*. *4935*. https://doi.org/10.1080/09584935.2019.1667302

ANI. (2023, May 10). Chinese security concerns in Pakistan derail CPEC. *ANI News Agency*.

Ansari, U. (2015). *China Finalize 8-Sub Construction Plan*. Defence News. https://www.defensenews.com/naval/2015/10/11/pakistan-china-finalize-8-sub-construction-plan/

Awasthi, D. (2017). *Chinese Loans to Bangladesh: Risk of a Debt Trap?* Frontera. https://frontera.net/news/asia/chinese-loans-to-bangladesh-risk-of-a-debt-trap/

Bhatia, B. (2022). China-Pakistan Economic Corridor: A Security Dilemma in South Asia. *Journal of Himachal Pradesh University*, *10*(June), pp. 63–72. https://doi.org/e-ISSN 2277-1433

Bhatia, B., & Rana, B. S. (2020). Belt and Road Initiative (BRI): Modernisation of China, Mao to Xi Jinping. *Journal of Himachal Pradesh University*, *08*(December), 39–53. https://doi.org/e-ISSN 2277-1433

Bipindra, N. (2023, July 23). China Completes 10 Years Of $1.4 Trillion BRI Project; Puts South Asia, Barring India & Bhutan, In A Bind—the *Eurasian Times*.

Booz-Allen-Hamilton. (2004). *String of Pearls hypothesis*.

Chinoy, S. R. (2021). CHINA-PAKISTAN ECONOMIC CORRIDOR (CPEC). *Manohar Parrikar Institute for Defence Studies and Analyses*, *58*, 40.

CPEC. (2021). *10 FUNDAMENTALS OF CPEC*. Pakistan-China Institute. http://cpecinfo.com/

CPEC Authority. (2017). *Long-Term Plan for China-Pakistan Economic Corridor (2017-2030)*. Government of Pakistan: Ministry of PDR, & People's Republic of China: National

Development & Reform Commission. www.cpec.gov.pk

Dakhore, A. (2023, July 8). You saved us, prevented bloodbath: Lankan leader thanks India for help. *India Today, PTI*.

Ebrahim, Z. (2022). *The extension of CPEC to Afghanistan could link infrastructure across the continent*. The Third Pole. https://www.thethirdpole.net/en/regional-cooperation/extension-of-cpec-to-afghanistan-could-link-infrastructure-across-continent/

Gady, F.-S. (2016, August 30). China to Supply Pakistan With 8 New Stealth Attack Submarines by 2028. *The Diplomat*.

Garlick, J. (2020). The Regional Impacts of China's Belt and Road Initiative. *Journal of Current Chinese Affairs*, *49*(1), 3–13. https://doi.org/10.1177/1868102620968848

Husain, K. (2017, June 21). Exclusive: CPEC Master Plan Revealed—the *Dawn*.

ICG, I. C. G. (2018). China-Pakistan Economic Corridor: Opportunities and Risks. *International Crisis Group*, *ASIA REPORT* (June), p. 39.

IMF. (2023). *Pakistan Datasets: World Economic Outlook (April, 2023)*.

Jaipragas, B. (2019, April 22). Malaysia to Go Ahead with China-backed East Coast Rail Link. *South China Morning Post*.

Modi, N. (2020). *Indian PM Modi addresses soldiers in Ladakh amid India-China standoff*. WION.

Nitta, Y. (2018, September 28). Myanmar cuts the cost of China-funded port projects by 80%. *Nikkei Asia*.

Oinam, A. (2023). *China's Investments in the Post-Coup Myanmar: An Assessment*. The Centre for Land Warfare Studies (CLAWS). https://www.claws.in/chinas-investments-in-the-post-coup-myanmar-an-assessment/

Okuda, H. (2016). China's "peaceful rise/peaceful development": A case study of media frames of the rise of China. *Global Media and China*, *1*(1–2), pp. 121–138. https://doi.org/10.1177/2059436416646275

ORF. (2016). *Raisina Dialogue 2016: Keynote Address by Foreign Secretary of India Dr. Subrahmanyam Jaishankar*.

Panneerselvam, P. (2017). Maritime component of China-Pakistan economic corridor (CPEC): India-China competition in the Arabian Sea. *Maritime Affairs*, *13*(2), 37–49. https://doi.org/10.1080/09733159.2017.1412577

Pant, H. V., & R. Passi. (2017). India's Response to China's Belt and Road Initiative: A Policy in Motion. *Asia Policy*, *24*(1), 88–95. https://doi.org/10.1353/asp.2017.0025

PIPS. (2018). Pakistan Security Report, 2017. *Pak Institute for Peace Studies (PIPS)*, *10*(1), 1–296.

PRC. (2015). *From Initiative to reality: Moments in developing the Belt and Road Initiative*. The State Council, People's Republic of China. http://english.www.gov.cn/policies/infographics/2015/04/23/content_281475094425039.htm

PTI. (2016, November 13). CPEC opens as Chinese cargo leaves Gwadar port—the *Tribune*.

PTI. (2019, May 19). Pakistan army's separate special force will protect CPEC projects and Chinese nationals—the *Print*.

Rana, S. (2022, February 10). The Saindak project lease was extended for 15 more years—the *Express Tribune*.

Rana, S. (2023). *Pakistan's Existential Economic Crisis*.

Reuters. (2021, September 3). China eyes Belt & Road extension in Taliban-ruled Afghanistan, raising concerns for India. *Times of India*.

Sachdeva, G. (2018). Indian Perceptions of the Chinese Belt and Road Initiative. *International Studies*, *55*(4), 285–296. https://doi.org/10.1177/0020881718807359

Saklani, J. S., & Ram, N. (2023). China's Geopolitical Advancement in South Asia and the Indian Response. *Journal of Polity & Society*, *15*(1), 3–13.

SATP, S. A. T. P. (2023). *South Asian Intelligence Review datasheet of Pakistan*.

Shepard, W. (2016). *Sri Lanka's Hambantota Port And The World's Emptiest Airport Go To The Chinese*. Forbes. https://www.forbes.com/sites/wadeshepard/2016/10/28/sold-sri-lankas-hambantota-port-and-the-worlds-emptiest-airport-go-to-the-chinese

Shoujun, C. (2018). Continuity through Change: China's Energy Security in a New Era. In S. R. D. (IDSA) Jayant Prasad (Ed.), *Asian Strategic Review 2017: Energy Security in Times of Uncertainty* (pp. 15–36). Pentagon Press.

Singh, M. (2013). *Brijesh P asked Why Pakistan ceded the Shaksgam Valley to China under what terms and conditions. What is the geostrategic significance of the Valley?* IDSA. https://idsa.in/askanexpert/ShaksgamValleytoChina

Small, A. (2015). *The China Pakistan Axis: Asia's New Geopolitics*. Random House India.

Subohi, A. (2020, February 10). CPEC: The Ball is in Pakistan's Court—the *Dawn*.

Thakur, H. K. (2020). *Understanding the India-China Border Fiasco: The Unfair Timing and the Befitting Reply*.

Thakur, H. K. (2023). Contesting China in the Maldives: India's foreign policy challenge. *The Round Table*, *112*(4), 421–437. https://doi.org/10.1080/00358533.2023.2244286

Townshend, A. S. (2022, February 3). China's 'String Of Pearls'. *Outlook*.

Ul Hassan, Y. (2020). China-Pakistan Economic Corridor (CPEC) and Questions on Pakistan's Economic Stability. *Strategic Analysis*, *44*(2), 137–152. https://doi.org/10.1080/09700161.2020.1735097

Upadhyay, U. (2021). BRI and BBIN: Asian economic growth engines. In A. S. Raju (Ed.), *South Asia and China: Engagement in the Twenty-First Century* (1st ed., p. 240). Routledge India. https://doi.org/https://doi.org/10.4324/9781003146223

WEF. (2023, November 20). China's Belt and Road Initiative turns 10. *World Economic Forum*.

Yu, H. (2016). Motivation behind China's One Belt, One Road Initiative and Establishment of the Asian Infrastructure Investment Bank. *Journal of Contemporary China*, *26*(105), 353–368.

Zhang, Z. (2011). China's energy security, the Malacca dilemma and responses. *Energy Policy*, *39*(12), 7612–7615. https://doi.org/10.1016/j.enpol.2011.09.033